Date: Aug 10, 2023

Re: Insolvency Issues of Efwon Group

To: Benedict Maximov

From: Masaki Fujita

 Anderson Mori Tomotsune

**1.** **Introduction**

* We understand that you are seeking for our advice on how to deal with insolvency issues affecting Efwon Group to facilitate a sponsorship deal with KuasaNas.
* The resolution of the freezing injunctions issued by the Romanian court in connection with the filing for insolvency by the Romanian drivers should the most important issues for Efwon Group to be dealt with. Unless the freezing injunctions are lifted, Efwon Romania will not be able to repay the loan to Efwon Trading, which was expected to be paid back to you through Efwon Investment. As a result, your creditors may immediately accelerate your loan and seek to foreclose on the assets you provided (including shares in Efwon Investment) and recover your debt.
* It is important to understand the position of the parties involved and their expected actions, which are intertwined each other.
* Also, it should be noted that each related jurisdiction’s law system and practices differ, but relate each other, especially in the field of cross-border insolvency.
* We will be focusing on how to resolve the Romanian court's freezing injunctions,
* This memorandum is preliminary and has not been reviewed by attorneys of relevant jurisdictions. We plan to conduct further research and analysis with local counsel and update this memo accordingly.

**2.** **Executive Summary**

* In order to deal calmly with the issues of Efwon Trading and Efwon Romania, Chapter 11 for you and Efwon Investment should be filed in the U.S. to obtain automatic stay so that creditors will be prevented from exercising their rights.
* With respect to Efwon Romania, the first step should be to make every efforts to reconcile with Romanian drivers. Considering the aims of the Romanian drivers and KuasaNas, it may be ideal to transfer the business of Efwon Romania team to KuasaNas and pay part of the consideration to the Romanian drivers as a settlement, but further analysis is needed for the feasibility of this approach. It is also possible to use procedures that have the effect of stay for Efwon Romania, using Romanian procedures with Directive (EU) 2019/1023, UK procedures, or US procedures. If UK or US procedures are used, a separate recognition process in Romania should be required.
* Insolvency proceedings for Efwon Trading might not be necessary based on the information received. UK proceedings might be used, but it is unclear whether they have specific methods to stay the creditors. Chapter 11 with a stay is another option, which requires careful consideration due to its high cost.

**3.** **Analysis**

1. **Regarding Benedict Maximov and Efwon Investment**
	* **Current Status**: We understand that the status of loans from financial institutions is as follows.
		1. You have borrowed USD 250 million from a syndicate of banks (“**Syndicate Loan**”), which is due in 2020 and is coming soon.
		2. As the pledge of the said loan, you have provided personal property worth USD 75 million, shares in Efwon Investment and revenue of Efwon Investment to the lenders of Syndicate Loan (“**Syndicate Loan Lenders**”).
		3. The Syndicate Loan Lenders are concerned that they will not be able to obtain repayment of your loan and have begun to consider recovering the loan by foreclosing on your assets.
	* **Use of an automatic stay based on a petition for insolvency proceedings in the US :** If there is a realistic urgency for the Syndicate Loan Lenders to enforce its security interest and you would like to ensure that the enforcement of their rights is stopped, it is possible to file an insolvency proceeding with the U.S. court and obtain an automatic stay to preserve the assets.
		1. **What is an automatic stay:**
			+ An automatic stay has the effect of prohibiting creditors from exercising their rights, which is automatically granted by a petition for insolvency proceedings. As a result, your creditors will not be able to exercise any rights including the exercise of security rights once the filing is made.
			+ No information is provided as to the exact location of your USD 75 million worth of assets, but if your encumbered assets are located outside of the United States, you should consider filing certain proceedings in a court outside of the U.S. for the protection of your assets abroad. Since the effects of an automatic stay require the court where the asset is located to recognize the effects of U.S. insolvency proceedings, it should be necessary to file a petition for recognition with a foreign court.
		2. **Type of specific procedure:**
			+ A specific procedure would be to file Chapter 11 about you and Efwon Investment. Since you are an individual, you might file a petition for Chapter 13, which is a personal rehabilitation procedure.
			+ We understand you are the borrower of Syndicate Loan, but if the borrower is not you but Efwon Investment, it may be sufficient to apply only for Chapter 11 of Efwon Investment. Further details need to be confirmed by US lawyers, but if the effect of automatic stay on the borrower's insolvency proceedings extends to the guarantor, then Efwon Investment's insolvency proceedings may also bar the creditors from enforcing the securities you have provided for the loans Efwon Investment owes.
		3. **Benefit:** The benefit of using these procedures is that you can legally and reliably stop the creditor from exercising their rights.
		4. **Disadvantages:**
			+ On the other hand, the largest disadvantage of using these procedures is that the cost of the procedures (including attorney fees) is very high.
			+ Also, you are required to develop a restructuring plan in accordance with insolvency proceedings and obtain the consent of your creditors as required by law. In addition, there are statutory deadlines for each step in the proceedings and we need to devote a lot of resources to respond to them.
			+ On top of these, a relief from the automatic stay may be granted upon petition by secured creditors. A typical case in which a relief is granted is a lack of adequate protection for the secured creditor. Therefore, you may be required to pay cash as replacement collateral or in instalments to provide adequate protection to the secured creditors.
			+ The use of insolvency procedures is publicized externally, and generally results in a deterioration in the reputation from business partners. Also, since all creditors are involved in bankruptcy proceedings in principle, cash flow and profits may be negatively affected due to the deterioration of terms and conditions of transactions with business partners. However, in this case, since you are an individual and Efwon Investment is an investment company, which should have very few clients, the reputation risk as well as the risk of deterioration of cash flow and profits in this case may be limited.
	* **Use of informal restructuring**:
		1. Procedural Summary:
			+ If the purpose is to stop creditors from exercising their rights, we could go through out-of-court reorganization proceedings with creditors and request for suspension to do so in the process.
			+ In this case, if KuasaNas and Efwon Hong Kong (“**Efwon HK**”) executes a sponsorship agreement, and if the Efwon Romania issue is resolved, Syndicate Loan may be repaid. Therefore, there seems to be a high possibility of requesting rescheduling rather than debt reduction. The details of this are as follows:
				1. Assuming that Efwon Romania's revenues are at the 2012 level of USD 60 million, combined with the USD 200 million per year Efwon HK earns through its sponsorship with KuasaNas, Efwon Trading could earn up to USD 260 million per year in cash based on a simple calculation.
				2. With up to USD 260 million of cash per year, it would appear likely that rescheduling could fully repay the Syndicate Loan, even considering the costs of Efwon HK and Efron Trading and the USD 100 million of Efwon Trading's loan indebtedness to the lender in Monaco (“**Monaco Lender**”, and such loan is referred to as “**Monaco Loan**”).
			+ In the case of informal restructuring, a standstill agreement is usually entered into between the debtor and the creditors at the first stage with a certain prohibition period.
		2. **Benefits and Disadvantages**
			+ **Benefits**: The cost of out-of-court proceedings in the United States may be lower than that of Chapter11. It also allows for flexibility between the debtor and the creditor, including timelines, as the court does not intervene.
			+ **Disadvantage**: In the case of informal restructuring, the exercise of rights by creditors cannot be forcibly prohibited. If any creditor does not comply with the stay request, this means that the risk of the foreclosure on your and Efwon Investment's assets will remain. This can be very disadvantageous in negotiating with creditors of Efwon Romania and Efwon Trading, as discussed below.
	* **Insolvency proceedings vs.** **informal restructuring:**
		1. Since Chapter 11 requires a large amount of money and involves a large procedural burden, it would be desirable to keep Chapter 11 to “Plan B”.
		2. In this case, however, it would be very difficult to negotiate with creditors of Efwon Romania and Efwon Trading while facing the risk of being enforced by Syndicate Loan Lenders. If there is a severe time limit and it is obvious to the negotiating parties, it is likely to result in a very adverse outcome.
		3. Also, if Syndicate Loan Lenders enforce the collateral, the damage that you will suffer will be serious. The foreclosure will transfer not only your personal assets, but also your ownership of shares in Efwon Trading to the banks or a third party. It means that Efwon Romania and Efwon HK, which are owned by Efwon Trading, will also be transferred to banks or a third party, which means that you will lose the F1 team business in which you have invested substantial resources.
		4. In addition, it is uncertain whether a standstill agreement with the Syndicate Loan Lenders will be able to be executed unless there is a clear prospect of resolution of issues of Efwon Trading and Efwon Romania. Even if we are fortunate to be able to swiftly reach a standstill agreement with a short-term suspension, it may take a considerable amount of time to deal with the problems of Efwon Trading and Efwon Romania. However, there is no guarantee that the standstill agreement will be extended.
		5. Therefore, it would be more prudent to file Chapter11 from the beginning to ensure that the enforcement of creditors’ rights is stopped, and necessary time can be gained to deal with the issues of Efwon Trading and Efwon Romania.
		6. We may, of course, start with consultations with Syndicate Loan Lenders to find out the intention of the creditors before filing Chapter11. However, even in this approach, if you have creditors who may strongly oppose the use of informal restructuring, you should consider using Chapter 11 at that time.
2. **Efwon Romania**
	* **Dealing with Insolvency Filing and Freezing Injunctions**:
		1. At present, Romanian drivers have filed an insolvency against Efwon Romania, in connection with which a Romanian court has imposed freezing injunctions on Efwon Romania's assets and revenues.
		2. In essence, these have had three major adverse effects.
			+ The first is that the freezing injunction prevents Efwon Romania from paying off its loan obligations to Efwon Trading, thereby preventing funds to be repaid to you from Efwon Romania through Efwon Trading and Efwon Investment.
			+ Secondly, as long as these circumstances persist, the pre-condition of the sponsorship agreement with KuasaNas will not be satisfied, the sponsorship agreement will not be signed, and the expected annual funding from KuasaNas of USD 200 million will not be obtained.
			+ Thirdly, and related to the second issue, the freezing injunction prevent the transfer of business related to the Romanian team (including contracts with Romanian drivers) to third parties, including KuasaNas.[[1]](#footnote-1),[[2]](#footnote-2)
	* **Summary of matters to be considered**
		1. **Claims by Romanian drivers**: The amount claimed by the Romanian drivers and the degree of probability that the claim will be upheld by the court should be considered first and foremost. These will have a significant impact on the overall strategy and should be analyzed as soon as possible.
		2. **Legal procedures to lift a freezing junction**: At the same time, the question to be considered is whether legal procedures exist to lift a freezing junction. Since this is a matter of Romanian law, to be confirmed by Romanian legal counsel, it may be possible to lift all or part of a freezing junction, for example, by (a) complaint claiming that it lacks the requirements to declare a freezing junction (such as the need for preservation of the assets) or (b) providing certain security.
			+ **Regarding the necessity of preservation**:
				1. Theoretically, the claim of the Romanian drivers should not be impaired as long as the assets equivalent to the amount claimed by the Romanian drivers remain in Efwon Romania.
				2. Therefore, depending on the balance sheet, it might be possible to argue that it is unreasonable to grant a freezing injunction on all of the assets of Efwon Romania.
				3. It might also be argued that the deposit with escrow or the provision of collateral obviates the need for preservation.
			+ **Collateral**:
				1. If you or Efwon Investment can provide any assets, they can be deposit/collateral for the purpose of above. However, due to the negative covenants owed by you and Efwon Investment, you and Efwon Investment may not be able to provide these assets without the consent of the Syndicated Loan Lenders. However, it is likely that the Syndicate Loan Lenders may agree to waive the covenant if it can be convincingly demonstrated, together with specific figures, that the provision of the assets as deposit/collateral:

will resolve the insolvency issues of Efwon Romania and enable the signing and closing of the sponsorship agreement with KuasaNas;

thereby increasing the cash of Efwon Group; and

maximizing the repayment to the Syndicate Loan Lenders,

* + - * 1. It is also possible to provide collateral on the income (such as, sponsorship income from Kretek during the remaining contract period and the expected income from the sponsorship contract with KuasaNas) that Efwon HK earns. It should be noted, however, that if these revenues are to be collateralized, it will not be possible for the time being to use these revenues to repay loans to Efwon Trading.
		1. **Settlement with Romanian drivers:**
			- The most straightforward way to resolve the issues of Efwon Romania would be a settlement with the Romanian drivers.
			- While the amount claimed by the Romanian driver is not known, if it is not unreasonable, then a settlement after some negotiation should be considered in which the Romanian drivers will be paid a certain amount and, in return, will withdraw the filing for insolvency proceedings and freezing injunctions. There are several possible assets for the settlement, each of which will be explained below.
				1. **Cash on hand of Efwon Group:**

The settlement could be funded by cash on hand of Efwon Group.

However, Romanian drivers appear to be using the insolvency proceedings and freezing injunctions as a part of legal strategy. So Romanian drivers may be willing to charge unreasonably high amounts and not settle unless the amount they want is fully paid.

Based on the information received so far, it is likely that the Ewfon Group companies do not have cash on hand to make significant settlement payments.

Therefore, it may be difficult to settle with cash on hand of Efwon Group.

* + - * 1. **Settlement with funds from contract with KuasaNas:** Next, it is possible to raise funds from outside. The most realistic approach would be the funding from KuasaNas.

**USD 200 million a year from KuasaNas to be funded Efwon HK**:

This approach may not be strictly consistent with the pre-condition offered by KuasaNas, which is “dealing with the insolvency issues affecting the companies in the Efwon Group”. However, it would be an attractive proposition for KuasaNas if it were certain that the Efwon Group dispute would be resolved by the payment of KuasaNas, which means the settlement can be achieved by KuasaNas itself.

The issue is from when KuasaNas expected to pay USD 200 million a year. If KuasaNas payment is not expected to be due in the near future, it is unlikely that Romanian drivers will withdraw their claims for insolvency proceedings and freezing injunctions at this stage. The effect of the freezing injunctions would then persist. Thus, this approach may not be a sufficient solution if the revenues/assets of Efwon Romania are expected to be a significant source of funding for the repayment of the Syndicate Loan. However, KuasaNas may consider moving up the payment date if it understands that bringing the payment date of USD 200 million forward will certainly solve the problem.

**Sale of the Efwon Romania business or shares in Efwon Romania**:

A second option would be to transfer the Efwon Romania business or shares to a third party, receive the consideration, and use it as a source for a prompt settlement with the Romanian drivers.

More specifically, a certain amount of the consideration paid to Efwon Trading (in the case of a share transfer) or Efwon Romania (in the case of a business transfer) will be paid to the Romanian drivers, and at the same time the Romanian drivers will withdraw the claims of insolvency proceedings and freezing injunctions, and the signing and closing of the sponsorship deal with KuasaNas will be proceed with.

Fortunately, KuasaNas seems to be interested in the team at Efwon Romania and wants a majority share of the team, so KuasaNas might have an interest in this approach.

As mentioned above, freezing injunctions would make it impossible for the Romanian team’s business (including contracts with Romanian drivers) to third parties, including KuasaNas. The exact scheme needs to be further discussed, but the freezing injunctions are not considered to be a significant hindrance since KuasaNas will be involved in the transfer as a transferee.[[3]](#footnote-3)

* + 1. **Liquidation and insolvency procedures of Efwon Romania:**
			- Also, considering the concern of KuasaNas, the liquidation and bankruptcy proceedings for Efwon Romania might be an option. The impact on the Efwon Group, which originated in a lawsuit by Romanian drivers, has so far been uncertain, which may be a main concern for KuasaNas. If this is the case, it seems possible to explain that the degree of the impact can be fixed by the use of the liquidation and insolvency procedures of Efwon Romania.
			- However, in the event of the liquidation or bankruptcy of Efwon Romania, Efwon Trading's loan to Efwon Romania is only repayable on a pro rata basis only in the proceedings.[[4]](#footnote-4) Therefore, the liquidation or insolvency of Efwon Romania may only be possible if there are circumstances in which, due to the earnings and assets of Efwon Romania, repayment from Efwon Romania is not expected, or the absence of repayment from Efwon Romania will not have a significant impact on the repayment of the Syndicate Loan.
			- It appears that KuasaNas has been interested in signing a sponsorship deal on the assumption that the F1 business will continue to exist. Therefore, if the liquidation or insolvency proceedings is used, the transfer of the F1 business to KuasaNas would be necessary.[[5]](#footnote-5),[[6]](#footnote-6)
			- In the event of the liquidation or bankruptcy of Efwon Romania, it is possible to file for liquidation insolvency proceedings on its own, or not to contest an insolvency proceeding filed by a Romanian driver.
		2. **Use of moratorium**: Even if for some reason (including as a result of the measures discussed above), the claim for insolvency proceedings is withdrawn or not granted and the effect of freezing injunctions is lost, the possibility of exercise of the rights by the Romanian drivers still remains. Therefore, it may be necessary to obtain a stay even in such cases. We discuss below which jurisdictions to use the procedures.
			- **Directive (EU) 2019/1023:**
				1. Directive (EU) 2019/1023 recognizes stay of individual enforcement actions. Therefore, in order to take advantage of the effect, Romanian laws, which has adopted full out of court/hybrid procedure based on Directive (EU) 2019/1023, could be used.
				2. If Efwon Romania is to be brought before a court in Romania, the recognition procedure is unnecessary since it is not cross-border case.
				3. It should be noted that, according to Directive (EU) 2019/1023, the initial term of stay is up to four months (Article 6, paragraph 6), and that the stay may be terminated if certain creditors' disapproval is clear (Article 6, paragraph 9(a)).[[7]](#footnote-7)
			- **UK procedures**: The procedures under Directive (EU) 2019/1023 have not been in place very long, making the UK procedures more predictable. Therefore, the use of UK procedure may be another option.[[8]](#footnote-8) The following points should be noted when considering the use of the UK procedure.
				1. **Sufficient connection**: In general, in order to avail itself of the UK procedure, the facts need to show sufficient connection for the UK jurisdiction to be admissible.

Whether there is a sufficient link between Efwon Romania and the UK in this case requires a detailed examination (including whether the relocation of the head office to the UK would be sufficiently relevant). In this regard, the following facts need to be checked:

Governing Law of the loan agreement between Efwon Trading and Efwon Romania; and

Location of accident of Romanian drivers (i.e., governing law of claim for damages).

* + - * 1. **Recognition procedure in Romania**: In order to make the UK procedure effective in Romania, the recognition procedure in Romania would be necessary.

With Brexit, the automatic recognition regime of formal UK insolvency proceedings in the EU was lost. UK insolvency practitioners seeking recognition of UK proceedings in the EU now need to apply to the courts of each relevant jurisdiction for recognition on the basis of national rules or open parallel local proceedings in the relevant member states.[[9]](#footnote-9)

While the details need to be confirmed by local counsel, there appear to be several ways in practice to recognize the UK procedure in EU countries (such as, Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations, the 2005 Hague Convention on Choice of Court Agreements).[[10]](#footnote-10)

* + - * 1. **stay effect**: It should be noted that there are limited ways with the effect of stay when using the UK procedure.

It is our understanding that there is no suspension procedure for the scheme of arrangement and restructuring plan.

For this reason, administration, which has a stay effect, may be combined with a scheme of arrangement or restructuring plan. However, it may not be possible to control Efwon Romania by Efwon Trading due to the existence of the administrator, which would not be suitable in this case.

A scheme of arrangement or restructuring plan could therefore be used in conjunction with the A1 Moratorium, a scheme for suspension.[[11]](#footnote-11)

We need to check with UK lawyers if there are other ways to prevent enforcement by the creditors.

* + - * **Chapter 11:**
				1. Since the jurisdiction of Chapter11 is broadly accepted (e.g., by payment of a retainer to a US law firm), it can be an option to use Chapter11 to obtain the effects of an automatic stay. In such a case, a separate recognition procedure in Romania would be required.
				2. In particular, when applying for Chapter 11 on Efwon Investment, there is a possibility that the same judge will take charge of the case as a group company, and this is considered to be a reasonable option from the viewpoint of procedural stability and reduction of the workload.
				3. However, Chapter11 is very expensive as discussed above. Thus, it appears that Directive (EU) 2019/1023 or the UK procedures should be the first option as long as they are available.
1. **Efwon Trading**
	* We need to carefully consider whether we need any kind of insolvency procedures for Efwon Trading. However, the procedures do not appear to necessary for the following reasons:
		1. **Lack of imminent debt collection risk**: Based on the information received, there is no clear indication that the risk of exercise of rights by the Monaco Lender is imminent.
			+ However, to consider the need for a procedure in details, we need further information, such as:
				1. Due date of the Monaco Loan;
				2. Whether there is any creditor other than the Monaco Lender and Efwon Investment;
				3. Whether Efwon Trading is able to make contractual payments to the Monaco Lender;
				4. Whether Efwon HK’s income (if any) can be a sufficient source of repayment of the Monaco Loan;
				5. Whether any events of defaults under the agreement with Monaco Lender have occurred or are likely to occur; and
				6. attitude of the Monaco Lender.
		2. **Cost:** A lot of financial costs would be required for using the insolvency process.
		3. **Repayment to Efwon Investment may be prohibited:** In principle, if insolvency proceedings are used, the parent company's claims will also be subject to the proceedings. As a result, the repayment of Efwon Investment's loans to Efwon Trading may only be made in accordance with the insolvency proceedings plan.
		4. **Parent Company Claims May Be Subordinated:** There is also a possibility that Efwon Investment's loans to Efwon Trading may be required to be treated as subordinated because of a parent company’s responsibility.
		5. **The Complexity of Using Multiple Insolvency Proceedings:** Since there is a high likelihood that insolvency proceedings will be used in the US at least for Efwon Investment, using UK insolvency proceedings for Efwon Trading will result in multiple concurrent proceedings in different countries. As a result, the procedures are expected to become more complex.
	* On the other hand, the following circumstances may justify the use of the insolvency procedure for Efwon Trading.
		1. **Monaco Lender Risk Management**:
			+ Even if the Monaco Lender had not taken any action to recover the assets at this stage, the Monaco Lender may be willing to take actions with a concern about the cash flow of Efwon Trading considering that the freezing injunction against Efwon Romania may remain in force and the sponsorship deal between Efwon HK and KuasaNas may not be concluded. Based on the information received, it appears that the repayment of the loan made by Efwon Romania to Efwon Trading is due early 2019 and there is not much time to spare.
			+ If this were to happen, it would have a negative impact not only on the loan repayment to Efwon Investment but also on the signing of the sponsorship agreement with KuasaNas.[[12]](#footnote-12)
			+ If you want to mitigate these risks as much as possible, you could use some kind of Insolvency proceedings with an effect of stay for Efwon Trading at this point.
		2. **Equal treatment of creditors for each entity**:
			+ In this case, it appears that the creditors of Efwon Investment, Efwon Trading, Efwon Romania and Efwon HK all assumed that the racing revenues of the F1 team held by the Efwon Group would be the source of repayment.
			+ Therefore, in order to ensure equality among the Efwon Group's creditors, it may be considered that some insolvency proceedings should be used for Efwon Trading as well. However, there may be a question of how to harmonize policies with Efwon Investment's insolvency proceedings.
	* **Which country's procedures should be used**: Even if some kind of insolvency procedures were to be used for Efwon Trading, it is unclear whether there would be any other way for a stay under the UK procedures, other than by entering into standstill agreements with creditors, which would need to be confirmed by UK lawyers.[[13]](#footnote-13) The use of Chapter 11 with an automatic stay can be an option, but as noted above, it is expensive and thus requires careful consideration.
1. KuasaNas wants the team's majority stake. [↑](#footnote-ref-1)
2. Since Efwon Romania has been sued by Romanian drivers for injuries in a race accident, the relationship between Efwon Romania and the drivers appears to have been seriously deteriorated. Considering this and given that KuasaNas envisions the use of new drivers with Super License, it may not be necessary to transfer contracts with Romanian drivers, while it may not be easy for the driver to obtain a new Super License based on the information received. [↑](#footnote-ref-2)
3. The Monaco Lender appears to have a security interest over the revenues of Efwon Trading. Therefore, in order to avoid an interference from the Monaco Lender, it may be preferable to transfer the business of Efwon Romania (rather than the shares of Efwon Romania for which Efwon Trading will be paid). [↑](#footnote-ref-3)
4. If Efwon Trading's loan claims are treated as subordinated because they are held by the parent company, Efwon Trading will only be paid later than the Romanian driver. [↑](#footnote-ref-4)
5. The relationship between freezing injunctions and business transfer is discussed above. [↑](#footnote-ref-5)
6. It should be noted that, if a trustee is appointed, he/she may not necessarily act as desired by Efwon Group and the possibility of selling the F1 business to a third party other than KuasaNas cannot be ruled out. [↑](#footnote-ref-6)
7. ”the stay no longer fulfils the objective of supporting the negotiations on the restructuring plan, for example if it becomes apparent that a proportion of creditors which, under national law, could prevent the adoption of the restructuring plan do not support the continuation of the negotiations.” [↑](#footnote-ref-7)
8. UK insolvency-related procedures include the Scheme of Arrangement, Restructuring Plan, Company Voluntary Arrangement and A1 suspension as pre-insolvency procedures, and the Administration as post-insolvency procedures. [↑](#footnote-ref-8)
9. <https://www.reedsmith.com/en/perspectives/2021/10/recognition-of-insolvency-and-restructuring-proceedings> [↑](#footnote-ref-9)
10. <https://www.paulhastings.com/insights/client-alerts/recognition-of-restructurings-in-europe> [↑](#footnote-ref-10)
11. It is our understanding that the A1 Moratorium's prohibition on payment does not cover claims arising from contracts for financial services (a contract or other instrument involving financial services), such as loan claims, but it seems that the Romanian drivers’ right to claim damages can be covered. [↑](#footnote-ref-11)
12. The Monaco Lender appears to have created a security over the income of Efwon Trading and may consider early foreclosure in order to receive preferential repayment. On the other hand, recovery may not be urgent unless there is a definite expectation that Efwon Trading's income will decrease and the value of encumbered assets will decrease since the Monaco Lender is in a position to receive preferential payment through foreclosure. [↑](#footnote-ref-12)
13. As mentioned above, it is our understanding that the A1 Moratorium's prohibition on repayment excludes receivables (e.g. loan receivables) arising from contracts for financial services (a contract or other instrument involving financial services). For this reason, the creditors of the Monaco Loan are not considered to be subject to the A1 Moratorium's repayment prohibition. [↑](#footnote-ref-13)