



SUMMATIVE (FORMAL) ASSESSMENT: MODULE 2A

THE UNCITRAL MODEL LAWS RELATING TO INSOLVENCY

Commented [SL1]: TOTAL = 29

58%

This is the summative (formal) assessment for Module 2A of this course and is compulsory for all candidates who selected this module as one of their compulsory modules from Module 2. Please read instruction 6.1 on the next page very carefully.

If you selected this module as one of your elective modules, please read instruction 6.2 on the next page very carefully.

The mark awarded for this assessment will determine your final mark for Module 2A. *In order to pass this module, you need to obtain a mark of 50% or more for this assessment.*

INSTRUCTIONS FOR COMPLETION AND SUBMISSION OF ASSESSMENT

Please read the following instructions very carefully before submitting / uploading your assessment on the Foundation Certificate web pages.

1. **You must use this document for the answering of the assessment for this module. The answers to each question must be completed using this document with the answers populated under each question.**
2. **All assessments must be submitted electronically in MS Word format, using a standard A4 size page and a 11-point Arial font. This document has been set up with these parameters - please do not change the document settings in any way. DO NOT submit your assessment in PDF format as it will be returned to you unmarked.**
3. **No limit has been set for the length of your answers to the questions. However, please be guided by the mark allocation for each question. More often than not, one fact / statement will earn one mark (unless it is obvious from the question that this is not the case).**
4. **You must save this document using the following format: [student ID.assessment2A]. An example would be something along the following lines: 202223-336.assessment2A. Please also include the filename as a footer to each page of the assessment (this has been pre-populated for you, merely replace the words "studentID" with the student number allocated to you). Do not include your name or any other identifying words in your file name. Assessments that do not comply with this instruction will be returned to candidates unmarked.**
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- 6.1 **If you selected Module 2A as one of your compulsory modules (see the e-mail that was sent to you when your place on the course was confirmed), the final time and date for the submission of this assessment is 23:00 (11 pm) GMT on 1 March 2023. The assessment submission portal will close at 23:00 (11 pm) GMT on 1 March 2023. No submissions can be made after the portal has closed and no further uploading of documents will be allowed, no matter the circumstances.**
- 6.2 **If you selected Module 2A as one of your elective modules (see the e-mail that was sent to you when your place on the course was confirmed), you have a choice as to when you may submit this assessment. You may either submit the assessment by 23:00 (11 pm) GMT on 1 March 2023 or by 23:00 (11 pm) BST (GMT +1) on 31 July 2023. If you elect to submit by 1 March 2023, you may not**

submit the assessment again by 31 July 2023 (for example, in order to achieve a higher mark).

- 7. Prior to being populated with your answers, this assessment consists of 14 pages.***

ANSWER ALL THE QUESTIONS

Please note that all references to the "MLCBI" or "Model Law" in this assessment are references to the Model Law on Cross-Border Insolvency.

QUESTION 1 (multiple-choice questions) [10 marks in total]

Commented [SL2]: SUBTOTAL = 7 MARKS

Questions 1.1 - 1.10. are multiple-choice questions designed to assess your ability to think critically about the subject. Please read each question carefully before reading the answer options. Be aware that some questions may seem to have more than one right answer, but you are to look for the one that makes the most sense and is the most correct. When you have a clear idea of the question, find your answer and **mark your selection on the answer sheet by highlighting the relevant paragraph in yellow**. Select only ONE answer. Candidates who select more than one answer will receive no mark for that specific question.

Question 1.1

Which of the following statements does not reflect the purpose of the Model Law?

- (a) The purpose of the Model Law is to provide greater legal certainty for trade and investment.
- (b) The purpose of the Model Law is to provide protection and maximization of the value of the debtor's assets.
- (c) The purpose of the Model Law is to facilitate the rescue of a financially troubled business, by providing a substantive unification of insolvency law.**
- (d) The purpose of the Model Law is to provide a fair and efficient administration of cross-border insolvencies that protects all creditors and the debtor

Question 1.2

Which of the following statements are reasons for the development of the Model Law?

- (a) The increased risk of fraud due to the interconnected world.
- (b) The difficulty of agreeing multilateral treaties dealing with insolvency law.
- (c) The practical problems caused by the disharmony among national laws governing cross-border insolvencies, despite the success of protocols in practice.

(d) All of the above.

Question 1.3

Which of the following challenges to a recognition application under the Model Law is most likely to be successful?

- (a) The registered office of the debtor is not in the jurisdiction where the foreign proceedings were opened, but the debtor has an establishment in the jurisdiction of the enacting State.**
- (b) The registered office of the debtor is in the jurisdiction of the enacting State, but the debtor has an establishment in the jurisdiction where the foreign proceedings were opened.**

(c) The debtor has neither its COMI nor an establishment in the jurisdiction where the foreign proceedings were opened.

(d) The debtor has neither its COMI nor an establishment in the jurisdiction of the enacting State.

Question 1.4

Which of the following rules or concepts set forth in the Model Law ensures that fundamental principles of law are upheld?

(a) The *locus standi*/access rules.

(b) The public policy exception.

(c) The safe conduct rule.

(d) The "hotchpot" rule.

Question 1.5

Commented [SL3]: Correct answer is (c).

For a debtor with its COMI in South Africa and an establishment in Argentina, foreign main proceedings are opened in South Africa and foreign non-main proceedings are opened in Argentina. Both the South African foreign representative and the Argentinian foreign representative have applied for recognition before the relevant court in the UK. Please note that South Africa has implemented the Model Law subject to the so-called principle of reciprocity (based on country designation), Argentina has not implemented the Model Law and the UK has implemented the Model Law without any so-called principle of reciprocity. In this scenario, which of the following statements is the most correct one?

(a) The foreign main proceedings in South Africa will not be recognised in the UK because the UK is not a designated country under South Africa's principle of reciprocity, but the foreign non-main proceedings in Argentina will be recognised in the UK despite Argentina not having implemented the Model Law.

(b) Both the foreign main proceedings in South Africa and the foreign non-main proceedings in Argentina will not be recognised in the UK because the UK has no principle of reciprocity and Argentina has not implemented the Model Law.

(c) Both the foreign main proceedings in South Africa and the foreign non-main proceedings in Argentina will be recognised in the UK.

(d) None of the statements in (a), (b) or (c) are correct.

Question 1.6

Commented [SL4]: Correct answer is (d).

Which of the following statements regarding concurrent proceedings under the Model Law is true?

- (a) No interim relief based on Article 19 of the Model Law is available if concurrent domestic insolvency proceedings and foreign proceedings exist at the time of the application of the foreign proceedings in the enacting State.
- (b) In the case of a foreign main proceeding, automatic relief under Article 20 of the Model Law applies if concurrent domestic insolvency proceedings and foreign proceedings exist at the time of the application of the foreign proceedings in the enacting State.
- (c) The commencement of domestic insolvency proceedings prevents or terminates the recognition of a foreign proceeding.
- (d) If only after recognition of the foreign proceedings concurrent domestic insolvency proceedings are opened, then any post-recognition relief granted based on Article 21 of the Model Law will not be either adjusted or terminated if consistent with the domestic insolvency proceedings.

Question 1.7

Commented [SL5]: Correct answer is (b).

When using its discretionary power to grant post-recognition relief pursuant to Article 21 of the Model Law, what should the court in the enacting State primarily consider?

- (a) The court must be satisfied that the interests of the creditors and other interested parties, excluding the debtor, are adequately protected.
- (b) The court should consider whether the relief requested is necessary for the protection of the assets of the debtor or the interests of the creditors and strike an appropriate balance between the relief that may be granted and the persons that may be affected.
- (c) The court should be satisfied that the foreign proceeding is a main proceeding.
- (d) All of the above.

Question 1.8

Which of the statements below regarding the Centre of Main Interest (COMI) and the Model Law is correct?

- (a) COMI is not a defined term in the Model Law.

(b) For a corporate debtor, the Model Law does contain a rebuttable presumption that the debtor's registered office is its COMI.

(c) For an individual debtor, the Model Law does contain a rebuttable presumption that the debtor's habitual residence is its COMI.

(d) All of the above.

Question 1.9

An automatic stay of execution according to article 20 in the Model Law covers:

(a) Court proceedings.

(b) Arbitral Tribunals.

(c) Both (a) and (b).

(d) Neither (a) nor (b).

Question 1.10

Article 13 grants access to the creditors in a foreign proceeding. Which of the following statements correctly describes the protection granted in Article 13?

(a) A foreign creditor has the same rights regarding the commencement of, and participation in, a proceeding as creditors in this State.

(b) A foreign creditor has the same rights as it has in its home state.

(c) All foreign creditors' claims are, as a minimum, considered to be unsecured claims.

(d) Article 13 contains a uniform ranking system to avoid discrimination.

QUESTION 2 (direct questions) [10 marks in total]

Question 2.1 [maximum 3 marks]

Under the MLCBI, explain and discuss what the appropriate date is for determining the COMI of a debtor?

The appropriate date for determining the COMI, or whether an establishment exists, is the date of commencement of the foreign proceeding. In particular, the requirement that the COMI must be readily ascertainable by third parties, such as creditors of the debtor.

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Commented [SL6]: SUBTOTAL = 8.5 MARKS

Commented [SL7]: 3 marks

However, the US Judgment of "Morning Mist Holdings Ltd v Kry's" took slightly different approach towards the date for determination of the debtor's COMI. The US court held that "...a debtor's COMI should be determined based on its activities at or around the time the Chapter 15 petition (the US implementation of ML) is filed, as the statutory text suggest the US court further held that "any relevant activities, including liquidation activities and administrative functions, may be considered in the COMI analysis.

Question 2.2 [maximum 3 marks]

The following three (3) statements relate to particular provisions / concepts to be found in the Model Law. Indicate the name of the provision / concept (as well as the relevant Model Law article), addressed in each statement.

Statement 1 "This Article lays down the requirements of notification of creditors."

Statement 2 "This Article is referred to as the 'Safe Conduct Rule'".

Statement 3 "This Article contains a rebuttable presumption in respect of an undefined key concept in the MLCBI."

Statement 1:

Article (14) of MLCBI- Timely Notice

Foreign creditors are entitled to individual notification of (among other things) the commencement of the local proceedings regarding the debtor under the insolvency law of the enacting State and of the time -limit to file claims in those proceedings. This is in addition to the equal treatment principle requiring that foreign creditors should be notified whenever notification is required for local creditors in the enacting State.

Statement 2:

Article (10) of the MLCBI- Safe Conduct Rule

This article responds to concerns of foreign representatives and creditors about exposure to an all-embracing jurisdiction triggered by an application under the Model Law.

Statement 3:

Article (31) of MLCBI- Presumption of Insolvency

Presumption that the recognition of a foreign main proceeding is proof that the debtor is insolvent.

Question 2.3 [2 marks]

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Commented [SL8]: 2 marks

Statement 3 = Art 16(3)

Commented [SL9]: 2 marks

In the IBA case appeal, the English Court of Appeal upheld the decision that the court should not exercise its power to grant the indefinite Moratorium Continuation. Please explain.

The real issue in this case was whether as a matter of settled practice the court should not exercise its power to grant the indefinite Moratorium Continuation where to do so would:

(a) In substance prevent the English creditor from enforcing their English law rights in accordance with the Gibbs Rule; and/or

(b) Prolong the stay after the Azeri reconstruction has come to an end.

The Court of Appeal answered both (a) and (b) in favour of the respondent (English creditor):

As far as (a), the Court of Appeal held that an English court could only properly grant the indefinite Moratorium Continuation if it were satisfied of two things:

1- The stay would have to be necessary to protect the interest of IBA's creditors, and

2- The stay would have to be an appropriate way of achieving such protection.

The Court of Appeal held that neither of the above two conditions had been satisfied, based on that the evidence presented to the court have not proof that the IBA creditors needed further protection in order for the foreign proceeding to achieve its purpose.

In respect of (b) above, the Court of Appeal considered that the information obligation under Article 18 of the ML requires the foreign proceeding to still be in existence and the foreign representative to still be in office. That means, once the foreign proceeding has come to an end and foreign representative no longer holds office, there is no scope for further orders in support of the foreign proceeding to be made and any relief previously granted under the ML should terminate.

Question 2.4 [2 marks]

In terms of relief, what should the court in an enacting State, where a domestic proceeding has already been opened in respect of the debtor, do after recognition of a foreign main proceeding? In your answer you should mention the most relevant article of the MLCBI. What (ongoing) duty of information does the foreign representative in the foreign main proceeding have towards the court in the enacting State? Here too you are required to mention the most relevant article of the MLCBI.

➤ *As per Article (29-b) of the ML, any relief granted under either article 19 (Interim Relief) or article 21 (Court's Discretionary Power to Provide Post-Recognition Relief) shall be reviewed by the court and shall be modified or terminated if inconsistent with the domestic insolvency proceeding. For a foreign main proceeding, the same applies to any automatic relief that had been granted. For a foreign non-main proceeding, the requirements set out in article 29 (c) apply as well.*

It should be noted that the commencement of domestic insolvency proceedings does not prevent or terminate the recognition of a foreign proceeding.

- *The foreign representative is obliged for full and frank disclosure towards the court to which a recognition application under the ML is made.*

Article 18 requires the foreign representative, from the time of filing the recognition application for the foreign proceeding, to promptly inform the court in the enacting State of:

- 1. Any substantial change in the status of the recognised foreign proceeding or the status of the foreign representative's appointment; and*
- 2. Any other foreign proceeding regarding the same debtor that becomes known to the foreign representative.*

QUESTION 3 (essay-type questions) [15 marks in total]

Commented [SL11]: SUBTOTAL = 5 MARKS

A foreign representative of a foreign proceeding opened in State B in respect of a corporate debtor (the Debtor) is considering whether or not to make a recognition application under the implemented Model Law of State A (which does not contain any reciprocity provision). In addition, the foreign representative is also considering what (if any) relief may be appropriate to request from the court in State A.

Write a brief essay in which you address the three questions below.

Question 3.1 [maximum 4 marks] [0 out of 4 marks]

The foreign representative is considering his options to secure the value of the debtor's assets located in State A. With reference to the Model Law's provisions on access and co-operation, explain how these rights in State A can benefit the foreign representative.

Even prior to a decision on the recognition application, the court in the enacting State is entitled to grant urgently needed interim relief upon application for the recognition of a foreign proceeding based on Article 19 of the ML.

Article 21 of the ML sets out the court's discretionary power to provide post-recognition relief. Article 20 of the ML provides for automatic mandatory relief in case the recognized foreign proceeding qualifies as a foreign main proceeding.

The rights granted to the foreign representative can benefit in

- (1) staying all executions against the debtor's assets,*
- (2) suspending the right to transfer, encumber or otherwise dispose of any assets of the debtor,*
- (3) staying the commencement or continuation of individual actions or individual proceeding concerning the debtor's assets, rights, obligations or liabilities.*

Your answer should include the following:

- **Legal standing (Article 9 MLCBI):** The key access for the foreign representative is set forth in Article 9 MLCBI. In the capacity of foreign representative, the foreign representative has automatic standing before the courts in State A without having to meet any formal requirements such as a license or any consular action. In other words, the "status" in State B of the foreign representative is automatically recognised in State A for the purpose of granting the foreign representative standing before the courts in State A. This allows the foreign representative to safeguard and pursue assets of the debtor estate in State A before its courts.
- **Opening domestic insolvency proceedings (Article 11 MLCBI):** The foreign representative is further specifically entitled to apply for the opening of domestic insolvency proceedings in State A, as reflected in Article 11 of the MLCBI. Whether or not the foreign representative would wish to do this will depend on what the requirements are for opening such domestic proceedings. Can these requirements be met? On the other hand, it will depend on what the foreign representative believes he/she can get in terms of (interim) relief for the foreign proceedings in State B. In other words, are domestic insolvency proceedings really needed, or just additional time and costs that should be avoided?
- **Cooperation:** Similar to access rights, the cooperation provisions in the MLCBI (articles 25-27) also operate independently of recognition and it is not a prerequisite to the use of the cooperation provisions that recognition of the foreign proceedings is obtained in advance. Courts in State A can freely cooperate with the foreign representative without having to worry whether the status in State B of the foreign representative can be recognised in State A.
- **Save Time & Costs:** The key benefits of both the access provisions and the cooperation provisions are that they save time and therefore also costs, as a result of which value destruction can be avoided and value enhancement is being promoted.

Question 3.2 [maximum 5 marks] [3 out of 5 marks]

For a recognition application in State A to be successful, the foreign proceeding opened in State B must qualify as a "foreign proceeding" within the meaning of article 2(a) of the MLCBI and the "foreign representative" must qualify as a foreign representative within the meaning of article 2(d) of the MLCBI. Assuming that both qualify as such, list and briefly explain (with reference to the relevant MLCBI articles) any other evidence, restrictions, exclusions and limitations that must be considered, as well as the judicial scrutiny that must be overcome for a recognition application to be successful.

The evidential requirements for recognition of a foreign proceeding are set forth in Article 15 of the ML. If those requirements are met, recognition will be granted pursuant to Article 17 of the ML. The application for recognition shall be accompanied by (Article 15 ML):

1. a certified copy of the decision commencing the foreign proceeding and appointing the foreign representative; or

2. a certificate from the foreign court affirming the existence of the foreign proceeding and the appointment of the foreign representative; or
3. any other evidence acceptable to the court of the existence of the foreign proceeding and the appointment of the foreign representative. [1]

Any application for recognition shall also be accompanied by statement identifying all foreign proceedings in respect to the debtor that are known to the foreign representative.

In addition, the court may require translation of documents supplied in support of the application for recognition into an official language of the enacting State.

It should be noted that, as a general rule of public policy exception (of Article 6 of the ML) should rarely be the basis for refusing an application for recognition, [1] even though it might be a basis for limiting the nature of relief accorded.

It also worth to mention that from the time of filing the application for recognition of the foreign proceeding the foreign representative shall inform the court promptly of (article 18):

- (a) any substantial change in the status of the recognized foreign proceeding or the status of the foreign representative's appointment; and
- (b) any other foreign proceeding regarding the same debtor that becomes known to the foreign representative.

In deciding whether a foreign proceeding should be recognized, the receiving court is limited to the jurisdictional pre-conditions set out in the definition. This requires a determination that the proceedings are foreign proceedings within article 2, subparagraph (a). The Model Law makes no provision for the receiving court to embark on a consideration of whether the foreign proceeding was correctly commenced under applicable law; provided the proceeding satisfies the requirements of article 15 and article 6 is not relevant, recognition should follow in accordance with article 17. [1]

With respect to the evidence required under paragraph 2 Article 15, in a case where no certified documents were available as required under subparagraphs 2 (a) and (b), other evidence was held to be sufficient to satisfy the requirement, including:

(a) verified copies of minutes, court orders, reports to creditors and company searches in relation to the appointment and activities of the foreign representative of the debtor; (b) relevant correspondence with the registrar of companies and the relevant court registry and company searches in relation to a change in the status of the foreign proceeding, verified copies of the notices relating to that change; and (c) registration of the foreign representative as the liquidator of the debtor. A document from the foreign corporate regulator showing that liquidators had been appointed to the debtor pursuant to the applicable legislation has also been relied upon under article 15, paragraph 2, on the basis that the regulator was an "authority" within the meaning of article 2, subparagraph (c), of the MLCBI. In a case where the applicant did not comply with the requirements of article 15, paragraphs 2 (a) or (b), providing only copies of various court documents, counsel referred the court to subparagraph 2 (c). While the court was satisfied that the necessary evidentiary basis for the application to go forward had been established, it pointed out that there must be some basis upon which the court could resort to subparagraph 2 (c), for example, some reasonable

explanation from the applicant as to why the documents referred to in subparagraphs 2 (a) or (b) were not available and why the alternate form of proof should be accepted. Presentation of additional information relating to the nature of the foreign proceedings has been permitted after the recognition application was made and the recognition proceedings commenced. **You have already discussed evidence above, in your opening paragraph.**

The judicial scrutiny relates mainly to the abuse of process, which the ML leave it to the domestic law and the procedural rules of the enacting State to determine what constitutes as abuse of process. However, the ML also doesn't not explicitly prevent a court in the enacting State from responding to a perceived abuse of process. The foreign representative has an obligation to full and frank disclosure to the court in the enacting State. If a foreign representative breaches this obligation by falsely claiming some wrong facts, then the court could consider this to be abuse of process based on the domestic law and procedural rules which could affect the recognition application.

With reference to the question, your answer should also include a brief discussion on the following:

- 1. Exclusions:** *If the debtor is an entity that is subject to a special insolvency regime in State B, the foreign representative should first check if the foreign proceedings regarding that type of a debtor are excluded in State A based on Article 1(2) of the implemented Model Law in State A.*
- 2. Restrictions:** *Existing international obligations of State A: Based on Article 3 of the Model Law, the court in State A should also check if there are no existing international obligations of State A (under a treaty or otherwise) that may conflict with granting the recognition application under the implemented Model Law in State A.*

Question 3.3 [maximum 5 marks] [2 out of 5 marks]

As far as relief is concerned, briefly explain (with reference to the relevant MLCBI articles) what pre- and post-recognition relief can be considered in the context of the MLCBI. Also address which restrictions, limitations or conditions should be considered in this context. For the purposes of this question, it can be assumed that there is no concurrence of proceedings.

Based on Article 19 of the ML, even prior to a decision on the recognition application, the court in the enacting State is entitled to grant urgently needed interim relief upon application for the recognition of a foreign proceeding.

While, Article 21 of the ML sets out the court's discretionary power to provide post-recognition relief.

Article 22 of the ML clarifies that for both above two scenarios, the court in the enacting State must be satisfied that the interest of the debtor's creditors and other interested parties are adequately protected.

The main limits can be summarized as below:

- (a) the enforcement of an insolvency-related judgement in the foreign state is not covered by the ML.
- (b) applying foreign insolvency law to an enacting State law governed contract is outside the scope of appropriate relief the enacting State court can grant.
- (c) the enacting State court to decide that it doesn't have jurisdiction to grant the foreign representative an indefinite continuation of the Moratorium that resulted from an earlier recognition order.

Exceptions and limitations to the scope of the stay and suspension (e.g. exceptions for secured claims, payments by the debtor made in the ordinary course of business, set-off, execution of rights in rem) and the possibility of modifying or terminating the stay or suspension are determined by provisions governing comparable stays and suspension in insolvency proceeding under the law of the enacting State (Article 20 ML, paragraph 2).

With respect to interim and discretionary relief, the court can impose conditions and modify or terminate the relief to protect the interests of creditors and other interested persons affected by the relief ordered (Article 22 ML).

Your answer must also include a brief discussion on the following elements:

1. **Pre-recognition interim relief:** From the time of filing the recognition application until the recognition decision has been made certain interim relief as set forth in Article 19(1)(a), (b) and (c) of the Model Law can be requested. The foreign representative will have to demonstrate to the court that such relief is urgently needed to protect the assets of the debtor or the interests of the creditors. If the foreign proceedings are non-main proceedings, the court may refuse to grant interim relief if it would interfere with the administration of a foreign main proceeding (Article 19(4) of the Model Law).
2. **Post-recognition relief (automatic or discretionary):** In case of a foreign main proceeding, there will be automatic relief as set forth in Article 20 of the Model Law. For both foreign main and non-main proceedings, article 21 of the Model Law set forth what post-recognition relief can be requested by the foreign representative. Appropriate relief under Article 21(1) of the Model Law must be necessary to protect the assets of the debtor or the interests of the creditors. The relief set forth in Article 21(2) of the Model Law requires the court to be satisfied that the interests of the creditors in State A are adequately protected. In case of a foreign non-main proceeding there is an additional requirement that needs to be met before relief can be granted. According to Article 21(3) of the Model Law the court in such a case must also be satisfied that the relief relates to assets that, under the law of State A, should be administered in the foreign non-main proceeding or concerns information required in that proceeding.

[In this context of relief, the foreign representative of State B could also think about the need to exercise any anti-avoidance powers in State A based on article 23 of the MLCB]

3. **Adequate protection:** Pursuant to Article 22 of the Model Law any interim relief under Article 19 of the Model Law or any post-recognition relief under Article 21 of the Model Law require the court in State A to be satisfied that the interests of the creditors and the other interested persons, including the debtor, are adequately

protected and any relief may be subject to conditions as the court considers appropriate.

4. **Existing international obligations of State A:** Based on Article 3 of the Model Law, the court in State A should again verify that there are no existing international obligations of State A (under a treaty or otherwise) that may conflict with granting the requested relief under the implemented Model Law in State A.
5. **Public policy exception:** The court in State A should, based on Article 6 of the Model Law, also again verify that the relief application is not manifestly contrary to public policy of State A.

Question 3.4 [maximum 1 mark] [0 marks]

Briefly explain - with reference to case law - why a worldwide freezing order granted as pre-recognition interim relief ex article 19 MLCBI, is unlikely to continue post-recognition ex article 21 MLCBI?

Relief available under Article 19 of the ML is provisional in that, as provided in paragraph 3, it terminates when the application is decided upon; however, the court is given the opportunity to extend the measure, as provided in Article 21, subparagraph 1 (f). the court might wish to do so, for example, to avoid a hiatus between the provisional measures issued before recognition and the measure issued after recognition.

The correct answer is:

A recent English case between *Igor Vitalievich Protasov and Khadzhi-Murat Derev* [Order of 24 February 2021 by Mr Justice Adam Johnson, [2021] EWHC 392 (CH)] exactly addressed the question.

While the English court held to have jurisdiction in the strict sense to grant such post-recognition discretionary relief, it found that relevant restrictions and limitations existed which served to inhibit the proper exercise of that jurisdiction. The English court found that the English bankruptcy regime offers other forms of protection which mean that relief in the form of a freezing order or similar injunction is simply not warranted. According to the court, "(...) the scheme of the Model Law is intended to put the foreign trustee or bankruptcy manager in the same position, as far as practicable, as an officeholder appointed under domestic law, and consistent with that, the effect of recognition of a foreign main proceeding is to bring into play the same wide infrastructure of the insolvency legislation. Absent some exceptional reason, a freezing order or other similar order will not in my view be required or justified.

QUESTION 4 (fact-based application-type question) [15 marks in total]

Read the following facts very carefully before answering the questions that follow.

(1) Background

The Commercial Bank for Business Corporation (the Bank) has operated since 1991. The Bank's registered office is situated in Country A, which has not adopted the MLCBI. As of 13 August 2015, the Bank's majority ultimate beneficial owner was Mr Z, who held approximately 95% of the Bank's shares through various corporate entities (including some registered in England).

The Bank entered provisional administration on 17 September 2015 and liquidation on 17 December 2015. Investigations into the Bank have revealed that it appears to have been potentially involved in a multi-million dollar fraud resulting in monies being sent to many overseas companies, including entities incorporated and registered in England.

Proceedings were commenced in the High Court of England and Wales (Chancery Division) against various defendants on 11 February 2021 (the English Proceedings).

An affidavit (the Affidavit) sets out a detailed summary of the legislation of Country A's specific insolvency procedure for Banks. The procedure involves initial input from the National Bank (the NB) and at the time that the Bank entered liquidation, followed by a number of stages:

Classification of the bank as troubled

The NB may classify a bank as "troubled" if it meets at least one of the criteria set down by article 75 of the Law of Country A on Banks and Banking Activity (LBBA) or for any of the reasons specified in its regulations.

Once declared "troubled", the relevant bank has 180 days within which to bring its activities in line with the NB's requirements. At the end of that period, the NB must either recognise the Bank as compliant, or must classify it as insolvent.

Classification of the bank as insolvent

The NB is obliged to classify a bank as insolvent if it meets the criteria set out in article 76 of the LBBA, which includes:

- (i) the bank's regulatory capital amount or standard capital ratios have reduced to one-third of the minimum level specified by law;**
- (ii) within five consecutive working days, the bank has failed to meet 2% or more of its obligations to depositors or creditors; and**

(iii) the bank, having been declared as troubled, then fails to comply with an order or decision of the NB and / or a request by the NB to remedy violations of the banking law.

The NB has the ability to classify a bank as insolvent without necessarily needing to first go through the troubled stage. Article 77 of the LBBA accordingly provides that a bank can be liquidated by the NB directly, revoking its licence.

Provisional administration

The Deposit Guarantee Fund (DGF) is a governmental body of Country A tasked principally with providing deposit insurance to bank depositors in Country A. However, the Affidavit explained that the DGF is also responsible for the process of withdrawing insolvent banks from the market and winding down their operations via liquidation. Its powers include those related to early detection and intervention, and the power to act in a bank's interim or provisional administration and its ultimate liquidation.

Pursuant to article 34 of the DGF Law, once a bank has been classified as insolvent, the DGF will begin the process of removing it from the market. This is often achieved with an initial period of provisional administration. During this period:

- (i) the DGF (acting via an authorised officer) begins the process of directly administering the bank's affairs. Articles 35(5) and 36(1) of the DGF Law provide that during provisional administration, the DGF shall have full and exclusive rights to manage the bank and all powers of the bank's management.**
- (ii) Article 36(5) establishes a moratorium which prevents, *inter alia*: the claims of depositors or creditors being satisfied; execution or enforcement against the bank's assets; encumbrances and restrictions being created over the bank's property; and interest being charged.**

Liquidation

Liquidation follows provisional administration. The DGF is obliged to commence liquidation proceedings against a bank on or before the next working day after the NB's decision to revoke the bank's licence.

Article 77 of the LBBA provides that the DGF automatically becomes liquidator of a bank on the date it receives confirmation of the NB's decision to revoke the bank's licence. At that point, the DGF acquires the full powers of a liquidator under the law of Country A.

When the bank enters liquidation, all powers of the bank's management and control bodies are terminated (as are the provisional administrators' powers if the bank is first in provisional administration); all banking activities are terminated; all money

liabilities due to the bank are deemed to become due; and, among other things, the DGF alienates the bank's property and funds. Public encumbrances and restrictions on disposal of bank property are terminated and offsetting of counter-claims is prohibited.

As liquidator, the DGF has extensive powers, including the power to investigate the bank's history and bring claims against parties believed to have caused its downfall. Those powers include:

- (i) the power to exercise management powers and take over management of the property (including the money) of the bank;**
- (ii) the power to compile a register of creditor claims and to seek to satisfy those claims;**
- (iii) the power to take steps to find, identify and recover property belonging to the bank;**
- (iv) the power to dismiss employees and withdraw from/terminate contracts;**
- (v) the power to dispose of the bank's assets; and**
- (vi) the power to exercise "such other powers as are necessary to complete the liquidation of a bank".**

The DGF also has powers of sale, distribution and the power to bring claims for compensation against persons for harm inflicted on the insolvent bank.

However, article 48(3) of the DGF Law empowers the DGF to delegate its powers to an "authorised officer" or "authorised person". The "Fund's authorised person" is defined by article 2(1)(17) of the DGF Law as: "an employee of the Fund, who on behalf of the Fund and within the powers provided for by this Law and / or delegated by the Fund, performs actions to ensure the bank's withdrawal from the market during provisional administration of the insolvent bank and/or bank liquidation".

Article 35(1) of the DGF Law specifies that an authorised person, must have: "...high professional and moral qualities, impeccable business reputation, complete higher education in the field of economics, finance or law...and professional experience necessary." An authorised person may not be a creditor of the relevant bank, have a criminal record, have any obligations to the relevant bank, or have any conflict of interest with the bank. Once appointed, the authorised officer is accountable to the DGF for their actions and may exercise the powers delegated to them by the DGF in pursuance of the bank's liquidation.

The DGF's independence is addressed at articles 3(3) and 3(7) of the DGF Law which confirm that it is an economically independent institution with separate balance sheet

and accounts from the NB and that neither public authorities nor the NB have any right to interfere in the exercise of its functions and powers.

Article 37 establishes that the DGF (or its authorised person, insofar as such powers are delegated) has extensive powers, including powers to exercise managerial and supervisory powers, to enter into contracts, to restrict or terminate the bank's transactions, and to file property and non-property claims with a court.

(2) The Bank's liquidation

The Bank was formally classified by the NB as "troubled" on 19 January 2015. The translated NB resolution records:

"The statistical reports-based analysis of the Bank's compliance with the banking law requirements has found that the Bank has been engaged in risky operations."

Those operations included:

- (i) a breach, for eight consecutive reporting periods, of the NB's minimum capital requirements;**
- (ii) 10 months of loss-making activities;**
- (iii) a reduction in its holding of highly liquid assets;**
- (iv) a critically low balance of funds held with the NB; and**
- (v) 48% of the Bank's liabilities being dependent on individuals and a significant increase in "adversely classified assets" which are understood to be loans, whose full repayment has become questionable.**

Despite initially appearing to improve, by September 2015 the Bank's financial position had deteriorated further with increased losses, a further reduction in regulatory capital and numerous complaints to the NB. On 17 September 2015, the NB classified the Bank as insolvent pursuant to article 76 of the LBBA. On the same day, the DGF passed a resolution commencing the process of withdrawing the Bank from the market and appointing Ms C as interim administrator.

Three months later, on 17 December 2015, the NB formally revoked the Bank's banking licence and resolved that it be liquidated. The following day, the DGF initiated the liquidation procedure and appointed Ms C as the first of the DGF's authorised persons to whom powers of the liquidator were delegated. Ms C was replaced as authorised officer with effect from 17 August 2020 by Ms G.

Ms G's appointment was pursuant to a Decision of the Executive Board of the Directors of the DGF, No 1513 (Resolution 1513). Resolution 1513 notes that Ms G is a "leading bank liquidation professional". It delegates to her all liquidation powers in respect of the Bank set out in the DGF Law and in particular articles 37, 38, 47-52, 521 and 53 of the DGF Law, including the authority to sign all agreements related to the sale of the bank's assets in the manner prescribed by the DGF Law. Resolution 1513 expressly excludes from Ms G's authority the power to claim damages from a related party of the Bank, the power to make a claim against a non-banking financial institution that raised money as loans or deposits from individuals, and the power to arrange for the sale of the Bank's assets. Each of the excluded powers remains vested in the DGF as the Bank's formally appointed liquidator.

On 14 December 2020, the Bank's liquidation was extended to an indefinite date, described as arising when circumstances rendered the sale of the Bank's assets and satisfaction of creditor's claims, no longer possible.

On 7 September 2020, the DGF resolved to approve an amended list of creditors' claims totalling approximately USD 1.113 billion. The Affidavit states that the Bank's current, estimated deficiency exceeds USD 823 million.

QUESTION 4.1 [maximum 15 marks] [8.5 out of 15]

Prior to any determination made in the English Proceedings, Ms G, in her capacity as authorised officer of the Deposit Guarantee Fund (or DGF) of Country A in respect of the liquidation of the Commercial Bank for Business Corporation (the Bank), together with the DGF (the Applicants), applied for recognition of the liquidation of the Bank before the English court based on the Cross-Border Insolvency Regulations 2006 (CBIR), the English adopted version of the MLCBI.

Assuming you are the judge in the English court considering this recognition application, you are required to discuss:

4.1.1 whether the Bank's liquidation comprises a "foreign proceeding" within the meaning of article 2(a) of the MLCBI [maximum 10 marks]; and [4 out of 10]

4.1.2 whether the Applicants fall within the description of "foreign representatives" as defined by article 2(d) of the MLCBI [maximum 5 marks]. [4.5 out of 5]

While not all facts provided in the fact pattern given for this Question 4 are immediately relevant for your answer, please do use, where appropriate, those relevant facts that directly support your answer.

For the purpose of this question, you may further assume that the Bank is not excluded from the scope of the MLCBI by article 1(2) of the MLCBI.

As the judge in the English court considering the recognition application of the liquidation of the Commercial Bank for Business Corporation (the Bank) made by Ms G, in her capacity as authorised officer of the Deposit Guarantee Fund (DGF) of Country A, and the DGF (the Applicants), it is necessary to determine whether the Bank's liquidation comprises a "foreign proceeding" within the meaning of Article 2(a) of the Model Law on Cross-Border Insolvency (MLCBI) and whether the Applicants fall within the description of "foreign representatives" as defined by Article 2(d) of the MLCBI.

Q 4.1.1

With respect to the first question, it is necessary to determine whether the Bank's liquidation constitutes a "foreign proceeding" as defined by Article 2(a) of the MLCBI. This article defines a "foreign proceeding" as a "(First Element) "collective" [separate element] "judicial or administrative" [separate element] "proceeding" [separate element] "in a foreign State" [separate element], including an interim proceeding, (Second Element) pursuant to a law relating to insolvency (Third Element) in which proceeding the assets and affairs of the debtor are subject to control or supervision by a foreign court, (Fourth Element) for the purpose of reorganization or liquidation". [There are 7 separate elements to address] Each element will be discussed in detail, specifically whether the facts presented satisfy the aforementioned Elements.

Regarding the First Element, which requires the presence collective judicial or administrative proceeding in a foreign State, including an interim proceeding, On 17 September 2015, the National Bank (NB) has classified the Bank as insolvent pursuant to article 76 of the LBBA. The DGF has passed a resolution commencing the process of withdrawing the Bank from the market and appointing Mr. C, the predecessor of Ms. G, as the interim administrator. Although the legislation of Country A that creates either of the DGF or the NB has not been provided, it is assumed that both bodies are created under the laws of Country A. Since both bodies are considered administrative bodies as deduced from the fact pattern, and exist in the foreign Country A, the first element has been satisfied

Here also the separate elements of "proceeding", "collective nature", "in a foreign State" should be addressed. For full marks, your response should address each element with sufficient detail, provide guidance and source references as appropriate and apply the facts. For the "collective nature" element, for example, we are looking for a response along the following lines:

- 1. UNCITRAL's guide for judiciary, "The Model Law on Insolvency: The Judicial Perspective" (2013) explains the requirement for proceedings to be "collective":**

"The UNCITRAL Model Law was intended to apply only to particular types of insolvency proceedings. The Guide to Enactment and Interpretation indicates that the notion of a "collective" insolvency proceeding is based on the desirability of achieving a coordinated, global solution for all stakeholders of an insolvency proceeding. It is not intended that the Model Law be used merely as a collection device for a particular creditor or group of creditors who might have initiated a collection proceeding in another State, or as a tool for gathering up assets in a winding up or conservation proceeding that does not also include provision for addressing the claims of creditors. The Model Law may be an appropriate tool for certain kinds of actions that serve a regulatory purpose, such as receiverships for

such publicly regulated entities as insurance companies or brokerage firms, provided the proceeding is collective as that term is used in the Model Law.”

2. The Guide to Enactment and Interpretation of the UNCITRAL Model Law (2014) explains that when:

“evaluating whether a given proceeding is *collective* for the purpose of the Model Law, a key consideration is whether substantially all of the assets and liabilities of the debtor are dealt with in the proceeding, subject to local priorities and statutory exceptions, and to local exclusions relating to the rights of secured creditors. A proceeding should not be considered to fail the test of collectivity purely because a class of creditors’ rights is unaffected by it.”

3. Based on the facts provided the understanding is that *all of the Bank’s creditors are entitled to claim in the liquidation and that their claims are met from available assets, according to the statutory order of priorities. Consequently, the conclusion can be reached that the Bank’s liquidation is a “collective proceeding”.*

Regarding the Second Element, which requires the proceedings to be pursuant to a law relating to insolvency,

The LBBA governs banking activities within Country A, which includes rules on bank insolvency. While it is not clear that this inclusion extends to other institutions, such as private companies or other types of institutions incorporated within Country A, the existence of insolvency rules on one type of institution (ie banks) is satisfactory for this Element.

However, the LBBA must have been correctly applied to proceed with examining the other elements [in this context, the focus is not on the (correct or incorrect) application by the foreign court of its law, but whether the characteristics of the law satisfy the element “pursuant to a law relating to insolvency”], as an incorrect application will lead to the entire proceedings being illegal, and consequently, not “pursuant to law relating to insolvency”. Article 76 of the LBBA sets out the criteria for classifying a bank as insolvent. The provided facts will be applied to each criteria.

(i) the bank’s regulatory capital amount or standard capital ratios have reduced to one-third of the minimum level specified by law;

It has been stated by NB that here has been a breach, for eight consecutive reporting periods, of the NB’s minimum capital requirements;

Although the minimum capital requirements level under law has not been provided, it is assumed that this condition has been met.

(ii) within five consecutive working days, the bank has failed to meet 2% or more of its obligations to depositors or creditors; and

the following facts by NB have been provided:

- a. a reduction in its holding of highly liquid assets;*
- b. 10 months of loss-making activities;*
- c. a critically low balance of funds held with the NB; and*

d. 48% of the Bank's liabilities being dependent on individuals and a significant increase in "adversely classified assets" which are understood to be loans, whose full repayment has become questionable.

While there is no mention that the Bank has failed to meet the percentage of its obligations to depositors or creditors as specified in this criteria, nor that this failure has continued for 5 consecutive days, it is assumed, similar to the assumption made in the comments made in the first criteria and the facts provided by NB indicate that the Bank is more than likely to achieve the failure of its obligations within this criteria.

(iii) the bank, having been declared as troubled, then fails to comply with an order or decision of the NB and / or a request by the NB to remedy violations of the banking law.

On 19 January 2015, the Bank was formally classified by NB as troubled. Again, as no empirical evidence has been provided of the exact violations, it is assumed that the deterioration of the Bank's financial position with increased losses, the further reduction in regulatory capital and the numerous complaints to the NB will more than likely lead to violations of the LBBA and other regulatory banking requirements.

More empirical evidence is required to determine whether the Bank have violated Article 76, even if it can be inferred that it is more than likely to have violated the aforementioned article. Nonetheless, the third element will now be discussed.

See comment above regarding what is required for full marks.

Regarding the Third Element, in which proceeding the assets and affairs of the debtor are subject to control or supervision by a foreign court;

On 17 September 2015, On the same day, the DGF, passed a resolution commencing the process of withdrawing the Bank from the market and appointing Ms C as interim administrator. The DGF is a governmental body of Country A tasked principally with providing deposit insurance to bank depositors in Country, responsible for the process of withdrawing insolvent banks from the market and winding down their operations via liquidation. Its powers include those related to early detection and intervention, and the power to act in a bank's interim or provisional administration and its ultimate liquidation.

The DGF is a government-mandated institution that is responsible for overseeing the liquidation of banks in Country A. According to Article 77 of the Law on Banks and Banking Activities (LBBA), the DGF automatically becomes the liquidator of a bank upon receiving confirmation of the National Bank's decision to revoke the bank's license. As liquidator, the DGF has extensive powers under the law, including the power to investigate the bank's history, bring claims against parties believed to have caused its downfall, and dispose of the bank's assets.

One could argue that DGF should be considered a court due to the fact that it has the authority to investigate and bring claims against parties, which are powers typically associated with a judicial body. Additionally, the DGF has the power to impose penalties and sanctions on those found to be liable for the bank's downfall. These powers, coupled with the DGF's independence from public authorities and the National Bank, as stated in Articles 3(3) and 3(7) of the DGF Law, lend support to the argument.

On the other hand, DGF may not be considered a court because its primary function is not to adjudicate disputes, but rather to liquidate the bank and return assets to creditors. Additionally, the DGF's powers are limited to the specific context of bank liquidation and it does not have the authority to hear cases or impose penalties on parties beyond this context. Furthermore, the DGF's decision can be reviewed by the National Bank of the country.

While the DGF has some powers and functions that may be similar to those of a court, it is ultimately a government-controlled entity and it does not have the same level of independence and impartiality as a court and its powers are mainly of guidance, supervision and regulation, and not of binding decisions. The determination of whether the DGF can be considered a court is ultimately dependent on the specific laws and judicial system of Country A, of which no information has been provided for. Regarding this element, that the administration of the debtor's (the Bank) assets under the supervision of a foreign court, no assumptions can be made in good faith and the question whether a government controlled entity (DGF) can be deduced as an independent impartial court defeats the purpose and the rationale behind the existence of the court system and thus, this Third Element is not satisfied.

For this element of "subject to the control or supervision by a foreign court" we are looking for a response along the following lines:

- 1. The term "foreign court" is defined at article 2(e) of the MLCBI and means: "a judicial or other authority competent to control or supervise a foreign proceeding".**
- 2. The Guide to Enactment notes: "87) A foreign proceeding that meets the requisites of article 2, subparagraph (a), should receive the same treatment irrespective of whether it has been commenced and supervised by a judicial body or an administrative body. Therefore, in order to obviate the need to refer to a foreign non-judicial authority whenever reference is made to a foreign court, the definition of "foreign court" in subparagraph (e) includes also non-judicial authorities."**
- 3. In Re Sanko Steamship Co Ltd [2015] EWHC 1031 (Ch) Simon Barker QC, noted that a foreign proceeding may be recognised where the control or supervision of the proceeding is undertaken by a non-judicial administrative body.**
- 4. The Guide to Enactment states: "74) The Model Law specifies neither the level of control or supervision required to satisfy this aspect of the definition nor the time at which that control or supervision should arise. Although it is intended that the control or supervision required under subparagraph (a) should be formal in nature, it may be potential rather than actual. As noted in paragraph 71, a proceeding in which the debtor retains some measure of control over its**

assets, albeit under court supervision, such as a debtor-in-possession would satisfy this requirement. Control or supervision may be exercised not only directly by the court but also by an insolvency representative where, for example, the insolvency representative is subject to control or supervision by the court. Mere supervision of an insolvency representative by a licensing authority would not be sufficient."

- 5. In this case the DGF has control of all of the Bank's assets and overall control of the liquidation.**
- 6. The DGF's independence is addressed at articles 3(3) and 3(7) of the DGF Law which confirm that it is an economically independent institution with separate balance sheet and accounts from the NB and that neither public authorities nor the NB have any right to interfere in the exercise of its functions and powers.**
- 7. Article 37 establishes that the DGF (or its authorised person, insofar as such powers are delegated) has extensive powers, including powers to exercise managerial and supervisory powers, to enter into contracts, to restrict or terminate the bank's transactions, and to file property and non-property claims with a court.**
- 8. The assets and affairs of the Bank are subject to the control of the DGF, an official body which exercises its powers in the liquidation free from intervention by government or the NB and which should be considered, for the purposes of the definition set out in article 2(e) of the MLCBI, as a "foreign court".**

While there is no reason to consider the last element and even the other requirement of a "foreign representative", as the failure of the Third Element consequently fails this entire recognition application, these requirement for the recognition will be discussed.

Regarding the Fourth Element, for the purpose of reorganization or liquidation; There is no need to extensively discuss this Element in detail as it has been clearly satisfied when examining the fact patter, specifically the decision of NB to liquidate the Bank and the decision of DGF to administer it.

See earlier comments above.

Q 4.1.2.

With respect to the second question, it is necessary to determine whether the Applicants fall within the description of "foreign representatives" as defined by Article 2(d) of the MLCBI. This article defines a "foreign representative" as a "(First Element) person or body, including one appointed on an interim basis, (Second Element) authorized in a foreign proceeding to (Third Element) administer the reorganization or the liquidation of the debtor's assets or affairs or to act as a representative of the foreign proceeding".

Regarding the First Element, person or body, including one appointed on an interim basis,

Both Applicants satisfy this condition. The DFG is a legal body and Ms. G is an individual of Country A.

Regarding the Second Element, authorized in a foreign proceeding to;

Regarding DGF,

Article 77 of the LBBA provides that the DGF automatically becomes liquidator of a bank on the date it receives confirmation of the NB's decision to revoke the bank's licence. At that point, the DGF acquires the full powers of a liquidator under the law of Country A. Since DGF, on 18 December 2015, the following day after NB formally revoked the Bank's banking licence and resolved that it be liquidated, initiated the liquidation procedure and appointed Ms C as the first of the DGF's authorised persons to whom powers of the liquidator were delegated, the DGF is authorised under Law, specifically Article 77 of the LBBA.

Regarding Ms. G,

Article 48(3) of the DGF Law empowers the DGF to delegate its powers to an "authorised officer" or "authorised person". The Fund's authorised person (Ms. G) must, under Article 35(1) of the DGF Law, have: "...high professional and moral qualities, impeccable business reputation, complete higher education in the field of economics, finance or law...and professional experience necessary." In addition, an authorised person may not be a creditor of the relevant bank, have a criminal record, have any obligations to the relevant bank, or have any conflict of interest with the bank.

Ms G's appointment was pursuant to a Decision of the Executive Board of the Directors of the DGF, No 1513 (Resolution 1513). Resolution 1513 notes that Ms G is a "leading bank liquidation professional". No other information has been provided regarding the quality of character of Ms. G, or her educational qualifications, or the due diligence required by Article 35(1) to ensure Ms. G has no conflict of interest with the Bank or the existence of a criminal record. Until more information is provided regarding this matter, and such provided information satisfies the requirements without doubt, Ms. G fails to be an authorised representative of DGF.

While Ms. G is not authorised under the laws of Country A, her powers will be discussed in the next Element.

Regarding the Third Element, administer the reorganization or the liquidation of the debtor's assets or affairs or to act as a representative of the foreign proceeding.

Regarding DGF,

As liquidator, the DGF has extensive powers, including the power to investigate the bank's history and bring claims against parties believed to have caused its downfall. Those powers include:

- (i) the power to exercise management powers and take over management of the property (including the money) of the bank;*
- (ii) the power to compile a register of creditor claims and to seek to satisfy those claims;*
- (iii) the power to take steps to find, identify and recover property belonging to the bank;*
- (iv) the power to dismiss employees and withdraw from/terminate contracts;*
- (v) the power to dispose of the bank's assets; and*
- (vi) the power to exercise "such other powers as are necessary to complete the liquidation of a bank".*

The DGF also has powers of sale, distribution and the power to bring claims for compensation against persons for harm inflicted on the insolvent bank.

Article 37 establishes that the DGF (or its authorised person, insofar as such powers are delegated) has extensive powers, including powers to exercise managerial and supervisory powers, to enter into contracts, to restrict or terminate the bank's transactions, and to file property and non-property claims with a court.

The powers specified in the element are within the scope of DGF's powers,

Regarding Ms. G,

Ms. G's powers in respect of the Bank set out in the DGF Law and in particular articles 37, 38, 47-52, 521 and 53 of the DGF Law, including the authority to sign all agreements related to the sale of the bank's assets in the manner prescribed by the DGF Law. Resolution 1513 expressly excludes from Ms G's authority the power to claim damages from a related party of the Bank, the power to make a claim against a non-banking financial institution that raised money as loans or deposits from individuals, and the power to arrange for the sale of the Bank's assets. Each of the excluded powers remains vested in the DGF as the Bank's formally appointed liquidator.

Article 37 gives the Fund's authorised person (Ms. G), the same powers as the DGF, as long as its delegated expressly by the latter. Ms. G is excluded for selling Bank's assets or claiming damages. These examples of restrictions, however the term "administer the reorganization or the liquidation of the debtor's assets or affairs", specifically the verb administer may be construed as general enough to include other Ms. G' powers that were not restricted by DGF, such as being a signatory and management.

For full marks your response should also have addressed the assumption of article 16(1) MLCBI.

*** End of Assessment ***