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Restructuring Reforms

From Cramdown to Cross-border Cooperation: Singapore's Next Wave of Restructuring Reforms

In March 2025, the Committee to Enhance Singapore's Corporate Restructuring and Insolvency Regime (**Committee**) published its report recommending significant amendments to the restructuring framework. On 14 May 2026, the Ministry of Law (**MinLaw**) announced that it had reviewed and broadly accepted the Committee's recommendations following a four-week public consultation.

These reforms address four distinct areas:

(a) First, the cross-class cramdown would be refined by removing the headcount limb, reducing the ability of a small number of creditors to block a value-supported scheme.

(b) Second, judicial management would be reconceptualised to focus on restructuring and turnaround, rather than asset recovery.

(c) Third, new tools for efficient restructurings would prevent shareholder approval requirements and other corporate-law mechanics from operating as a veto over creditor-backed plans.

(d) Fourth, Singapore's cross-border insolvency framework have been, and will continue to be, strengthened through enhanced cooperation mechanisms and the proposed adoption of two UNCITRAL instruments.

This article examines each of these reform areas, explores how they will affect the restructuring and insolvency landscape and highlights practical implications for creditors, debtors, shareholders and insolvency practitioners.

In Brief

- **Cross-class cramdown**: The headcount limb will be removed so that voting weight turns on the value of a creditor's claim, and the mechanism may be extended to cram down shareholders in appropriate cases.
- **Judicial management**: To be refocused on restructuring and turnaround with the recovery function removed, supported by a success-fee remuneration model and enhanced clawback powers. New tools for efficient restructurings: shareholder-approval and other corporate-law requirements to be streamlined so they cannot veto creditor-backed plans, with a new optional court-appointed Restructuring Officer.
- **Cross-border cooperation**: Singapore will adopt two further UNCITRAL instruments (the MLEGI and the MLRIJ, each defined below) to strengthen coordination in multi-jurisdictional cases. ASEAN Model Framework for court-to-court cooperation in cross-border insolvency proceedings already in effect.
- **Key takeaways**: A significant recalibration toward value preservation, efficient implementation and cross-border coordination, while remaining creditor-protective.

Refining the Cross-class Cramdown

Creditors who refuse to support a restructuring — not because the scheme is unfair, but because they seek a better outcome than the scheme would otherwise provide — are a familiar problem in debt restructuring practice.

Singapore's cross-class cramdown regime has been in the statute book since 2017, but was first exercised in April 2025 in *Re GP Global APAC Pte Ltd*, confirming that courts will invoke this power where creditor holdout behaviour is unwarranted.

Section 70 of the Insolvency, Restructuring and Dissolution Act 2018 (**IRDA**), the cross-class cramdown provision, empowers the court to sanction a scheme over the objection of one or more dissenting creditor classes, provided that the scheme is fair and equitable to each dissenting class and does not discriminate unfairly between two or more classes of creditors. The regime is designed to prevent a minority from vetoing a scheme simply by virtue of belonging to a separate class.

To invoke it under the existing regime, however, a scheme must satisfy two limbs: (a) it must be approved by a majority in number of creditors who vote (**headcount limb**); and (b) those creditors must together represent at least three-fourths in value of the debt to be bound (value limb), measured across all classes rather than class by class.

In practice, the need to secure both a headcount majority and a value threshold set the bar too high, discouraging debtors from pursuing a cramdown plan and leaving holdouts with disproportionate blocking power. The Committee identified this dual threshold as the principal obstacle to the regime's use and recommended removing the headcount limb, so that voting weight turns principally on the value of each creditor's claim, rather than on bare numbers (discussed in our earlier article, Cross-class cramdown in Singapore: creditors (and shareholders?), beware and be aware). That change will shift the focus of the cramdown inquiry from how many creditors can be counted to the underlying economic exposure of creditors.

The Committee also recommended expanding the mechanism to encompass shareholders in appropriate circumstances. This is where the reform may prove most consequential in closely held or balance-sheet insolvent companies. Under the current regime (discussed in our earlier article, Fixing the shareholder holdout problem in Singapore), shareholders can effectively block restructurings that require new share issuances or disposals of substantial assets, since those corporate actions require shareholder approval under the Companies Act 1967 (**Companies Act**), irrespective of whether the shareholders retain any real economic interest in the distressed company. The issue is not merely procedural. Section 70(4)(b)(ii)(B) of the IRDA restricts junior classes from receiving or retaining any property "of the company" — that leaves a shareholder's existing shares untouched, which are the shareholder's own property rather than the company's. The result is that shareholders can presently retain their equity even where unsecured creditors remain unpaid.

The proposal addresses that gap: shareholders with no economic interest should not be able to hold out, while shareholders who contribute "new value" to the debtor would retain the ability to hold an interest in the restructured entity, giving those with a genuine economic stake a reason to engage constructively rather than obstruct. MinLaw has not yet published draft statutory language giving effect to these recommendations. The precise contours of the reformed regime — including the safeguards attached to any shareholder cramdown and the exact threshold that will replace the current dual hurdle — remain to be settled in legislation.

While these reforms will go some way to improving the utility and efficacy of cross-class cramdown, bringing it closer to international peers such as the US (Chapter 11), the UK (Part 26A) and the Netherlands (WHOA), there remain substantive issues that will determine how well the mechanism works in practice.

The first is what the "fair and equitable" standard requires where the dissenting class comprises secured creditors. Where secured creditors are concerned, section 70(4)(b)(i) of the IRDA prescribes three possible forms of treatment: (a) deferred cash payments totalling the amount of the secured claim, with the security preserved; (b) a charge over the proceeds of sale of the secured assets; or (c) the "indubitable equivalent" of the secured creditor's interest. The question is how the phrase "creditor's claim that is secured by that security" should be construed — whether it refers to the face value of the debt or only to the value of the collateral — and what that distinction means in practice for an under-secured creditor facing a cramdown. This issue was examined in our earlier analysis in Cross-class cramdown in Singapore: creditors (and shareholders?), beware and be aware. With the proposed reforms lowering the threshold for invoking the cramdown, the question of what constitutes "fair and equitable" treatment for secured creditors will arise far more frequently in practice.

The second is the requirement, found in section 70(3)(c) of the IRDA, that a scheme must also not "discriminate unfairly" between two or more classes of creditors. The IRDA does not define this phrase, and MinLaw also previously declined to do so in the 2017 consultation on the predecessor Companies (Amendment) Bill, leaving the standard to judicial development. These two requirements ask different questions. The "fair and equitable" standard tests each dissenting class against its own liquidation baseline, while the "unfair discrimination" standard is comparative, asking whether one class has been treated worse than another without justification. That issue has so far remained largely unresolved. Recent UK Part 26A cases such as *Strategic Value Capital Solutions Master Fund LP v AGPS BondCo PLC* [2024] EWCA Civ 24, *Kington S.à r.l. v Thames Water Utilities Holdings Ltd* [2025] EWCA Civ 475 and *Saipem SpA v Petrofac Ltd* [2025] EWCA Civ 821 demonstrate how controversial the issue of fairness has become, with the courts requiring plan proponents to demonstrate not merely that creditors are better off than in a liquidation, but also that the benefits of the restructuring are shared fairly among those whose rights are compromised.

These two questions, i.e., what "fair and equitable" treatment requires for secured creditors, and what "unfair discrimination" means in practice, are likely to become key battlegrounds as the lower threshold brings more cramdowns before the courts. Both are likely to be closely watched as the reforms take shape.

Strengthening Judicial Management

Judicial management is a court-supervised rescue tool that has historically served three statutory purposes under section 89 of the IRDA: (a) the survival of the company, or the whole or part of its undertaking, as a going concern (**turnaround function**); (b) the approval of a scheme of arrangement (**restructuring function**); or (c) the more advantageous realisation of the company's assets than would be achieved on a winding up (**recovery function**).

The line between the first two functions is not expressly drawn in the statute. The turnaround function is concerned with preserving business value, whether through the company's continued operation or a going concern sale of the whole or part of its undertaking. The restructuring function, by contrast, uses judicial management as the platform for achieving a compromise or arrangement with creditors. Under the predecessor provision, section 227B(1)(b) of the Companies Act, the Court of Appeal held in *Deutsche Bank AG v Asia Pulp & Paper Co Ltd* [2003] 2 SLR(R) 320 at [15]-[17] that the applicant need not prove that the statutory purpose will probably be achieved; it must show a real prospect that one or more purposes of judicial management will be achieved. That test is now reflected in section 91(1)(b) of the IRDA. Recently, in *Re X Diamond Capital Pte Ltd (Metech International Ltd, non-party)* [2024] 3 SLR 1228 at [16]-[20], the General Division of the High Court found that white-knight proposals with sufficient detail supported a real prospect of survival.

This distinction is important because judicial management displaces management and imposes a moratorium, but does not itself reorganise creditor rights. Where the intended outcome is a compromise of debts, however, the restructuring function must still be delivered through a scheme process. In *Re IM Skaugen SE and other matters* [2019] 3 SLR 979, the moratorium relief was treated as giving the company breathing space to develop, refine and secure support for a compromise or arrangement, and *The Royal Bank of Scotland NV v TT International Ltd* [2012] 2 SLR 213 described schemes of arrangement as statutory machinery for compromising or reorganising creditors' rights without requiring unanimous consent. The point is not that only one function is "rescue" and the other is not. Rather, the turnaround function is concerned with preserving or transferring business value as an operating concern, while the restructuring function is concerned with using the statutory scheme process to alter creditor rights.

That breadth has, in practice, weakened the regime's value proposition. Most debtors placed into judicial management ultimately ended up in winding up, creditors experienced insufficient control and disclosure, and judicial management came to be regarded more as a remedy of last resort than an early-stage restructuring vehicle. The courts have also been alert to the risk of judicial management becoming a holding pattern. In *Re CNA Group Ltd* [2019] SGHC 78, the company had been under judicial management for more than three and a half years and the order had been extended six times. When a seventh extension was sought on the basis of pursuing two potential investors, the court refused, characterising that prospect as "no more than an expression of hope".

The Committee identified that the coexistence of three functions has obscured the intended outcome in any given case and weakened creditor support for the process. The proposed reconceptualisation retains the restructuring and turnaround functions and removes the recovery function, leaving parties to seek asset realisation in receivership or winding up. These changes seek to reposition judicial management as a rescue tool, not a stepping stone to liquidation.

Further, to maintain flexibility, the Committee recommended retaining standing for both debtors and creditors to apply for a judicial management order. This ensures that even where a debtor-in-possession scheme of arrangement is unsuitable or resisted, creditors retain a court-supervised path to displace management and attempt a corporate rescue. It also recommended introducing a flexible remuneration model that includes a "success fee" component and enhanced clawback powers for judicial managers.

In practical terms, judicial management would remain available where a debtor-in-possession scheme is insufficient. This may be the case where creditors require an independent officer to take control, assess the business, pursue claims or drive a turnaround. The proposed success-fee model is intended to make that control more accountable by tying part of the judicial manager's remuneration to agreed outcomes. Rather than prescribing a fixed figure, percentage or formula, the Committee left those conditions of success to be agreed between the judicial manager and creditors, potentially through the statement of proposals.

The judicial manager's clawback powers would also remain central to that control-based role. Where value has been transferred out of the company before the restructuring, judicial management gives creditors more than breathing space; it gives them an independent officer with power to investigate and pursue recovery. Successful clawback actions can add value back to the estate, improve creditor recoveries and strengthen support for the restructuring.

New Tools for Efficient Restructurings

Under the current law, a restructuring that involves selling substantially the whole of the company's business or property, or issuing new shares, requires shareholder approval under the Companies Act. In an insolvency scenario, that requirement can give shareholders whose economic interests have already been exhausted a *de facto* veto over a creditor-backed plan.

The Committee's proposed fix targets that mismatch between form and substance. Where a restructuring proceeds through judicial management or a scheme of arrangement, the approval requirements for disposals of substantially the whole of the company's undertaking or property, and for the issuance of new shares, would be streamlined so that corporate-law mechanics do not defeat a restructuring plan negotiated with creditors.

The Committee also proposed giving the court discretion to appoint a neutral third-party Restructuring Officer to assist with a scheme of arrangement. That appointment would not be mandatory, nor would it duplicate the judicial manager's role. Rather, it would be targeted at cases where independent assistance would add value in a debtor-in-possession process — for example, by acting as a monitor, providing business or industry expertise, reporting to the court, or helping to carry the restructuring through to execution. The aim is to give creditors greater oversight and transparency without converting every contested scheme into a management-displacing process.

Cross-border Cooperation

Singapore's ambition to serve as a nodal jurisdiction for cross-border restructurings is of long standing, dating from the establishment of the Singapore International Commercial Court (**SICC**) in 2015. This was followed by the adoption of the UNCITRAL Model Law on Cross-Border Insolvency in 2017 and subsequent reforms giving the SICC express jurisdiction to hear cross-border restructuring and insolvency matters (discussed in our earlier article, International Insolvency & Restructuring Report 2022/23). These developments equipped Singapore to address foreign-law issues in restructuring proceedings within a single set of proceedings — called the "synthetic proceedings" model — in place of parallel proceedings in each relevant jurisdiction.

The next step is not about creating a new ambition but completing the architecture around it. The Committee recommended adopting two further UNCITRAL instruments: the Model Law on Enterprise Group Insolvency (**MLEGI**) and the Model Law on Recognition and Enforcement of Insolvency-Related

Judgments (**MLRIJ**). The MLEGI is of particular relevance to enterprise groups with regional or global footprints, enabling coordination at the group level rather than fragmented parallel proceedings in each relevant jurisdiction. The MLRIJ complements this by providing a dedicated framework for the recognition and enforcement of foreign insolvency-related judgments, addressing the practical gap between a restructuring outcome and its cross-border effect. Singapore would, in doing so, be among the first states to implement both.

Together, the two instruments would codify coordination mechanisms that the SICC is well placed to administer, reinforcing Singapore's position as a forum of choice for complex, multi-jurisdictional restructurings. This would build on what Singapore courts have demonstrated in practice between 2023 and 2025 through the recognition of foreign proceedings and cross-border cooperation in scheme matters.

Even as those instruments await adoption, the courts have already taken concrete steps in the same direction. On 20 July 2026, the Supreme Court issued Registrar's Circular No. 3 of 2026, giving effect in Singapore to the Model Framework for Communication and Cooperation between ASEAN Courts in Cross-Border Insolvency Proceedings (**Model Framework**). The Model Framework promotes cooperation where proceedings concerning the same company are opened in more than one ASEAN member state, creating a court-to-court channel for coordinating parallel proceedings and sharing information. It also lets a court encourage administrators, including liquidators, judicial managers and scheme managers, to cooperate so far as the law permits.

The Supreme Court has appointed the Registrar (with the Deputy Registrar as alternate) as its point of liaison, and may coordinate directly with any ASEAN court that has adopted the Model Framework. The Model Framework supplements existing laws and complements the Guidelines for Communication and Cooperation between Courts in Cross-Border Insolvency Matters (JIN Guidelines) and Modalities of Court-to-Court Communication (JIN Modalities) already in effect. For groups with operations across the region, this adds a practical layer of coordination alongside the legislative reforms discussed above.

Key Takeaways

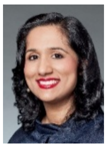
For creditors: The reforms make it harder for minority creditors to use voting thresholds or class dynamics to block a restructuring that has real economic support. With the proposed removal of the headcount limb, voting power will turn more directly on the value of a creditor's claim. Creditors should therefore focus early on valuation, class composition, the treatment of secured and unsecured claims, and whether any objection is grounded in genuine unfairness rather than holdout leverage.

For insolvency practitioners: The reconceptualised judicial management regime is intended to provide a clearer rescue mandate. If the recovery function is removed, judicial management will focus on restructuring and turnaround, not asset realisation for its own sake. Judicial managers should expect greater scrutiny of whether the proposed appointment, extension, remuneration structure and statement of proposals are tied to a concrete restructuring or turnaround outcome.

For shareholders: Formal approval rights may no longer be enough to block a creditor-supported restructuring where shareholders are economically out of the money. The reforms address both sides of the shareholder holdout problem — disapplying corporate-law vetoes over creditor-backed plans and enabling courts to cram down shareholders in appropriate circumstances. Shareholders who wish to remain involved should be prepared to demonstrate either economic value or a willingness to contribute new value on market terms.

Taken together, the reforms would represent a significant recalibration of Singapore's restructuring architecture since the IRDA came into force in 2020. They point toward a regime that remains creditor-protective, but is more focused on value preservation, efficient implementation and cross-border coordination.

If you would like information and/or assistance on the above or any other area of law, you may wish to contact the Partner at WongPartnership whom you normally work with or any of the following Partners:



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