

Distress in the shipping sectors – why use Cayman Islands debt restructuring tools?

With the focus on distress in the shipping and oil and gas sectors, predictable and cost-effective tools to implement a debt restructuring have never been more crucial. The tried and tested Cayman Islands debt restructuring regime can provide the solution and is a good fit for Marshall Islands companies.

Key Advantages

- The primary tool is the scheme of arrangement – a procedure that has consistently delivered in the debt restructuring space over the last 30 years.
- A moratorium on unsecured creditor action is available through restructuring provisional liquidation – management can remain in control of the day-to-day running of the company.
- Chapter 15 recognition of Cayman Islands proceedings is routinely granted in the US and it: (i) provides for a stay on unsecured and secured creditors within the territorial jurisdiction of the US; and (ii) creates a seamless process for restructuring NY law governed debt in the Cayman Islands.
- Available to Cayman Islands and foreign incorporated entities.
- Jurisdiction for a foreign incorporated company created through a simple registration with the Cayman Islands Companies' Registrar.
- Steps to create a broader Cayman Islands nexus for the purpose of recognition abroad can be effected in a streamlined manner.
- The Cayman Islands Courts support good forum shopping, i.e. forum shopping in the interests of creditors as a whole. This means that companies with no obvious forum to effect a debt restructuring can avail themselves of the Cayman Islands regime with ease.
- English style judicial system with courts that routinely handle big-ticket cross-border financial matters with a judiciary that understands the company rescue dynamic.
- Seasoned professionals that have experience with big-ticket restructurings - both in the Cayman Islands and internationally.

The above means that the Cayman Islands offers an efficient and effective mechanism to restructure New York law governed debt of Marshall Islands companies. Further, restructuring Norwegian law governed debt through a Cayman Islands process will not ordinarily present an issue.

Additional considerations apply where the debt to be restructured is English law governed, however,

solutions are usually available.

If you would like further information, please liaise with your regular Maples Group contact or any of the persons listed below.

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