

Rehabilitating the Law on Corporate Rehabilitation

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The severe financial crisis, that is presently sweeping the globe, calls for the review of our insolvency laws. Evidently, both our Insolvency Law and Presidential Decree No. 902-A, the sole law on corporate restructuring, need rehabilitation. For one, the lack of clearly defined rights in some crucial aspects of corporate rehabilitation has been a source of confusion and delay in rehabilitation proceedings.

Consequently, attempts, in the form of three house bills, have been made to overhaul the outdated Insolvency Law. In this respect, Congress is urged to ensure that the law is neither overly protective of the debtor, which could restrict the flow of credit, nor render corporate rehabilitation meaningless by leaning too much in favor of the creditors.