

# State of the art of the Italian liquidity measures – Keeping Italian Companies Alive?

July 2020

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Over the last three months, the Italian Government has enacted a package of financial assistance designed to help Italian businesses survive the dramatic short-term effects of the coronavirus (“COVID-19”) pandemic <sup>1</sup>. The measures include guarantee schemes from SACE, the Italian government (in relation to CDP loans) and the Central Guarantee Fund, support for business continuity and a tailored package of measures for SMEs, including a standstill period for their debts.

This alert examines the main features of these measures, summarising the provisions enacted with three different decrees, as amended when converted into law.

## The SACE Guarantee Scheme<sup>2</sup>

SACE S.p.A., the Italian export credit finance agency, will provide up to €200 billion of loan guarantees between now and 31 December 2020 (each a “**SACE Guarantee**”).

Borrowers can request a SACE Guarantee with respect to financings in any form, provided by banks, national and international financial institutions and other entities authorised to lend in Italy other than RFC. This includes bonds (rated at least BB- or any equivalent rating), loans, as well as assignments of receivables on a *pro solvendo* basis; provided that the subscribers or the assignors, as the case may be, satisfy the criteria above. Key details of the scheme are as follows:

- **Beneficiaries:** a SACE Guarantee can be requested by any type of enterprise with its registered office in Italy, which, as of 31 December 2019, was not classified as an “undertaking in difficulty” (*impresa in difficoltà*) under EU Regulations<sup>3</sup> (to this end, the undertaking’s book debt to equity ratio for the past two years cannot be greater than 7.5) and whose liabilities, as of 29 February 2020, were not classified as “deteriorated” by the lending banks. Undertakings controlling, or controlled by,

<sup>1</sup> Law Decree no. 34/2020 (the “Relaunch” Decree), Law Decree no. 23/2020, converted into Law no. 40 of 5 June 2020 (the “Restore Liquidity” Decree) and Law Decree no. 18/2020, converted into Law no. 27 of 24 April 2020 (the “Cure Italy” Decree).

<sup>2</sup> Article 2 of the Restore Liquidity Decree.

<sup>3</sup> EU Regulation no. 651/2014, the EU Regulation no. 702/2014 and the EU Regulation no. 1388/2014.

directly or indirectly, companies located in a non-cooperative jurisdiction for tax purposes are not eligible for the purpose of obtaining a SACE Guarantee.

- **Purpose:** a SACE Guarantee can cover financings granted after the Restore Liquidity Decree comes into force, for the sole purpose of covering personnel costs, investments, working capital relating to operations located in Italy, rents<sup>4</sup> and costs for rental of a going concern. Moreover, up to 20% of the financing covered by SACE Guarantee may be used for (i) payment of loan instalments, which are past due, or due within the period from 1 March to 31 December 2020, and whose payment has become objectively impossible as a consequence of COVID-19 outbreak, and (ii) fees for the implementation of COVID-19 prevention measures.
- **Maximum guaranteed amount:** the maximum loan percentage covered by a SACE Guarantee shall be equal to:
  - 90% of the principal amount of the financing for companies that employ no more than 5,000 persons in Italy and that have annual revenues up to €1.5 billion;
  - 80% of the principal amount of the financing for companies that employ more than 5,000 persons in Italy, or that have annual revenues higher than €1.5 billion but not exceeding €5 billion; or
  - 70% of the principal amount of the financing for companies that have annual revenues higher than €5 billion.
- **Conditions:** the granting of a SACE Guarantee is subject to the following conditions:

1.	Maximum duration	<ul style="list-style-type: none"> <li>▪ Six-year maturity</li> <li>▪ Pre-amortisation (<i>preammortamento</i>) period of 36 months is permitted</li> </ul>
2.	Maximum size	<p>The aggregate amount of all financings granted to the same entity backed by a state guarantee cannot exceed the higher of:</p> <ul style="list-style-type: none"> <li>▪ 25% of the beneficiary's 2019 annual revenue; or</li> <li>▪ twice its 2019 employment costs</li> </ul>
3.	No dividends No share buy-back	<p>The beneficiary and other entities registered in Italy that are part of the same group (including those subject to the direction and coordination of the beneficiary) must not approve payment of dividends or a share buy-back within the year 2020. This foreign entities are not subject to such limitation and they can distribute dividend within the relevant group and/or to their shareholder whenever located or incorporated.</p> <p>If the companies have already distributed dividends or made a share buy-back before the date of request of the financing, such restriction shall apply for the next 12 months following the request of the financing.</p> <p>Note: this provision is problematic as currently drafted because it would limit the ability of a pure holding company to distribute dividends, even if such holding company is not the</p>

<sup>4</sup> It is not clear whether rents include leasing for machinery (the so called operative leasing).

		borrower of the guaranteed financing. It would also prevent subsidiaries of the borrower from upstreaming cash for the purpose of servicing the guaranteed financing, which is evidently counterintuitive.
4.	Job security undertaking	The beneficiary must commit to manage its employment arrangements with the Italian trade unions.
5.	Increase of overall liability of the lender	The overall amount disbursed by the relevant lenders <i>vis à vis</i> the borrower must be increased as a result of the financing transaction.

- **Commercial terms:** the all-in annual commissions payable by the borrower for the SACE Guarantee shall be calculated on the basis of the type of beneficiary and the year of financing as follows:

	First year	Second and third year	Fourth, fifth and sixth year
SMEs	25 bps	50 bps	100 bps
Other companies	50 bps	100 bps	200 bps

- **Process:** companies that employ up to 5,000 persons in Italy and have annual revenues not exceeding €1.5 billion can access the SACE Guarantee through a simplified procedure involving only the lender and SACE. Above such thresholds, the procedure would also require an approval process with the Ministry of Economy and Finance in consultation with the Ministry of Economic Development.

## State Guarantees of CDP Loans

Companies which (i) are too large to apply for a Central Guarantee Fund guarantee (see below); (ii) operate in specific sectors to be identified by a ministerial decree (still to be issued); and (iii) have suffered a reduction in their revenues due to COVID-19 are entitled to a state guarantee in respect of financings made available by Cassa Depositi e Prestiti S.p.A., also in the form of first-loss guarantee in respect of financings made available by banks and other entities authorised to lend in Italy (each a “**CDP Financing Guarantee**”).

A CDP Financing Guarantee can cover up to 80% of the underlying liability and will be structured, among other things, as an irrevocable and unconditional first demand guarantee.

A state counter-guarantee can be issued through a ministerial decree with respect to guarantees issued by Cassa Depositi e Prestiti S.p.A. within 31 December 2020.

## Committed fund of Cassa Depositi e Prestiti S.p.A.

The “*Decreto Rilancio*” entitles Cassa Depositi e Prestiti S.p.A. (the “**CDP**”) to establish a committed fund of up to €44 billion with a 12-year term (the “**CDP Committed Fund**”) to be financed by assets of the Ministry of Economy and Finance (the “**MEF**”). The CDP Committed Fund is autonomous and separate from the assets of the CDP and is responsible exclusively for its own obligations within the limits of the resources granted by MEF. No legal actions can be carried out against the CDP Committed Fund by the

5 Article 57 of the Decree no. 18/2020.

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CDP's creditors and, conversely, no legal actions can be carried out vis-à-vis the CDP's assets by Committed Fund's creditors.

The CDP Committed Fund is managed by the Board of Directors of the CDP and its resources will be used to support the Italian joint stock companies (including cooperatives and listed companies) that (i) have their registered office in Italy; (ii) do not operate in the banking, financial or insurance sector; and (iii) have an annual turnover exceeding €50 million.

The CDP Committed Fund will be entitled to support any kind of temporary investment, including the granting of loans and guarantees, the subscription of financial instruments and the acquisition of equity investments on the primary and secondary markets. Ideally, the CDP Committed Fund will carry out its investments through the subscription of convertible bonds, participation in capital increases and the purchase of shares listed on the secondary market in case of strategic transactions.

The investments of the CDP Committed Fund shall not activate any contractual and/or statutory change of control clause or equivalent provisions that would otherwise be applicable and will not be subject to claw-back actions under the Italian bankruptcy law and the crisis and insolvency code laws.

The requirements, conditions and operating criteria of the CDP Committed Fund shall be defined by a further decree of the President of the Council of Ministers to be enacted, taking into account, *inter alia*, the relevance of the company with reference to technological development, critical and strategic infrastructures, strategic production chains, environmental sustainability and employment levels.

The above decree shall further set out that investments in the context of restructuring transactions can be carried out in favour of companies that, despite temporary capital or financial imbalances, present adequate profitability prospects.

For the financing of the CDP Committed Fund, the CDP will be entitled to issue bonds and other debt financial instruments without the application of the limits set out under articles 2415-2420 of the Italian Civil Code and the prohibition to collect savings from public pursuant to Italian banking laws.

## Shareholders' funding

One of the main objectives of the Italian government's actions, including the Restore Liquidity Law, is to tackle the liquidity shortage faced by Italian companies through guarantee schemes. However, liquidity relief can also be obtained through shareholders' loans, especially in privately held companies. However, Italian law has historically penalised the undercapitalisation of companies by imposing equitable subordination of shareholders loans if granted when the company's indebtedness was excessively high compared to shareholders' equity, even if the company's financial situation was such that a shareholders' contribution would have been reasonable under the circumstances.

To this end, the Restore Liquidity Law states that reimbursements of shareholder loans granted in the period between the Restore Liquidity Law coming into force and 31 December 2020 will not be subordinated to the satisfaction of other creditors of the company, thereby incentivising shareholders to provide rescue funding to companies. In the current circumstances the provision of liquidity ranks higher in government priorities than the capitalisation of companies.

## Central Guarantee Fund (SMEs only)<sup>6</sup>

The Central Guarantee Fund (*Fondo Centrale di Garanzia*) provide guarantees of the financial liabilities of SMEs until 31 December 2020 (each an "SME Guarantee").

The following are the main features of SME Guarantees:

- SME Guarantees are available to companies with fewer than 500 employees;
- the maximum guaranteed amount for each SME is €5 million and no fees or commissions are payable. Such measure is applicable also in the event at least 25% of the share capital or the voting rights of the SMEs are directly or indirectly by one or more public entities;

<sup>6</sup> Article 13 of the Restore Liquidity Decree.

- subject to the exceptions below, the maximum coverage is equal to 80% of the principal amount in the case of direct guarantees and 90% in the case of indirect guarantees. Such percentages can be adjusted up to 90% and 100% respectively upon authorisation of the European Commission;
- the maximum coverage for an SME Guarantee will be equal to 100% in the case of new financings for an amount not exceeding the higher of (i) 25% of the borrower's 2019 annual revenue; or (ii) twice its 2019 employee costs, and, in any case, not exceeding €30,000 or, in the case of financing provided to SMEs that have annual revenue not exceeding €3,200,000, for an amount not exceeding the higher of (i) 25% of the borrower's 2019 annual revenue; or (ii) twice its 2019 employee costs, subject to certain conditions;
- the guaranteed liability can also include financings made available in the context of a debt-renegotiation transaction with the SME; provided that an additional credit facility for an amount at least equal to 10% (25% in case of financings approved by the guaranteed institution after 7 June 2020) of the residual re-negotiated indebtedness is made available by the guaranteed institution to the SME;
- any pre-existing guarantee issued by the Central Guarantee Fund will automatically be extended if the guaranteed indebtedness is subject to any suspension of payments or extension of the termination date as a result of COVID-19;
- an SME Guarantee can be requested for pre-existing financings entered into not earlier than three months before the request and, in any case, after 31 January 2020; and
- with respect to financings above €25,000, the SME Guarantee is granted and the SME can benefit from a 24 months pre-amortisation (*preammortamento*) period.

An SME Guarantee cannot be provided in respect of any liabilities classified as NPL (*sofferenze*).

## Standstill and Postponement Measures (SMEs only)

SMEs experiencing liquidity issues resulting from COVID-19 can require banks, financial intermediaries and other lenders to apply certain measures of financial support, by delivering a self-declaration to the lenders.

Such measures include:

- a standstill until 30 September 2020 with respect to any withdrawal of uncommitted credit facilities (*apertura di credito a revoca*) and facilities for credit advances (*anticipi su crediti*) outstanding as at 29 February 2020 (or as at 17 March 2020 in case of a longer duration);
- an extension until 30 September 2020 of the termination date of bullet term loan facilities where such termination date was originally set to expire before 30 September 2020;
- a postponement until 30 September 2020 for the payment of instalments of principal due before 30 September 2020 and an extension of the duration of amortising term loan facilities; and
- in case of pre-funded facilities (*finanziamenti erogati con fondi di terzi*) or subsidised loans (*finanziamenti agevolati*), the automatic extension of the funding agreements subject only to communication to (as opposed to the previous agreement of) the subsidising entity.

The aforementioned measures do not apply to companies whose indebtedness is classified as "deteriorated credit exposures" (*esposizioni creditizie deteriorate*) under the regulatory rules applicable to financial intermediaries as of 17 March 2020.

## Measures aimed at supporting business continuity

The Restore Liquidity Law contains measures to relieve enterprises from certain obligations or procedures that could trigger adverse effects due to the COVID-19 pandemic and the associated restrictions.

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## Relaxation of Directors' duties

One set of measures is aimed at “relaxing” directors’ duties in connection with insolvency/pre-insolvency scenarios. (fix widow)

Moratorium on insolvency or bankruptcy proceedings: no proceedings for the declaration of insolvency or bankruptcy (except as set out below) can be brought or pursued between 9 March 2020 and 30 June 2020. Insolvent companies will have time during this period to assess the impact of the COVID-19 outbreak on their business and to pursue alternative routes. The measure applies across the board, i.e., to filings initiated by the debtor, the creditors or the public prosecutor, except for (i) filings initiated by the relevant debtor if the insolvency is not due by COVID-19 pandemic; (ii) bankruptcy filings initiated by anyone in the context of a composition with creditors; and (iii) filings initiated by the public prosecutor requesting the application of interim or precautionary measures to protect the assets of the debtor. To mitigate the potential negative effects of this suspension, the limitation period applicable to claw-back actions (i.e. three years from the declaration of bankruptcy and five years from the date of completion of the relevant transactions) and for the declaration of insolvency (i.e. one year since the cancellation from the relevant companies’ register) are also suspended for an equal period;

Suspension of Recapitalisation Rules: the rules requiring the recapitalisation (or liquidation or transformation into a different company type) of companies whose losses have substantially eroded the share capital will not apply from the date on which the Restore Liquidity Decree comes into force until 31 December 2020 with reference to events occurred in 2020. This measure is intended to address the risk that the impact of losses arising from COVID-19 on the share capital of companies push directors into the unsustainable position of choosing between dramatic alternatives: put the company into liquidation or face potential personal liability as a result of the delay in complying with such obligations;

Allowing Going Concern Qualifications: directors are allowed to prepare year-end financial statements in 2020 under a going concern assumption, to the extent the company’s status as a going concern was ascertained with reference to the preceding financial statements closed before the entry into force of lockdown measures (i.e. 23 February 2020). Such provision is applicable also to year-end financial statements closed before 23 February 2023 but still not approved. The government has acknowledged that, in the current unprecedented circumstances, directors of a significant number of companies would not have been in a position to confirm the going-concern assessment underpinning the on-going preparation of financial statements (with the ensuing liquidation procedures). Therefore, this measure sterilises the COVID-19 effect on items recorded in the financial statements while allowing companies to approve year-end financial statements on time. We expect this measure may also help companies avoid the triggering of events of default under financing agreements, which usually require the approval of financial statements within 120 or 180 days of year-end.

## Restructuring Arrangements and Composition with Creditors

The Restore Liquidity Law also addresses the impact of COVID-19 on existing restructuring arrangements, compositions with creditors, crisis settlement agreements and consumer plans for over-indebtedness through the following measures:

- a six-month extension of the term for performance of connected obligations falling after 23 February 2020;
- provisions allowing debtors to ask the competent Court for extension of terms to prepare and submit to the Court new plans and arrangements/proposals for compositions in on-going procedures. The new term cannot exceed 90 days starting from the date of the relevant decree by which the Court assigns the new term and cannot subsequently be extended; and
- provisions allowing debtors that, by 31 December 2021, obtained an extension of terms to prepare and submit to the Court new plans and arrangements/proposals in the context of procedures for composition with creditors or debt restructuring agreements, by such terms, to quit the relevant procedure and prepare out-of-court reorganisation plans.

These measures are aimed at providing companies with additional time to assess and address the adverse effects of COVID-19 on ongoing restructuring arrangements and compositions with creditors, potentially increasing their chance of success.



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## Postponement of the new distress and insolvency regime

The Restore Liquidity Law postpones the entry into force of the new distress and insolvency regime (*Codice della Crisi e dell'Insolvenza*), originally scheduled to apply from 18 August 2020, to 1 September 2021. This was a long-awaited measure also before the COVID-19 outbreak and is meant to ensure that companies, professionals and Courts do not have to deal with the uncertainties connected with the entry into force of an overhaul of the applicable regime when the entire economic and legal system of the country is already under considerable stress. We expect this measure will facilitate the handling of the numerous restructurings that are unfortunately to be expected in the coming months.

The above measures are intended to provide companies with substantive tools to face the immediate effects of the COVID-19 on their share capital and financial statements, as well as to grant time and flexibility to their directors in reacting to the challenges deriving from such effects. Directors and officers should begin working with their advisors quickly in order to assess whether any of these measures could suit their needs now or in the near future.

## Supplemented 2019 ABI Framework Agreement

The Italian Banking Association (“**ABI**”) and primary Italian corporate associations recently supplemented the 2019 framework agreement originally entered into with respect to SMEs (*Accordo per il Credito 2019*) to allow other companies (including large corporates) that have been damaged by COVID-19 outbreak to apply until 30 June 2020 for a 12 months suspension (which can be extended to 24 months upon discretion of the lending bank) of payment of principal and extension of the maturity date in respect of banking loans.

Such measures are precluded to companies whose liabilities, as of 31 January 2020, were classified as “deteriorated” by the lending bank.

## Conclusions

The Cure Italy Decree and Restore Liquidity Law provide a series of urgent measures that are intended to support Italian companies through the banking system, SACE and the Central Guarantee Fund.

While measures in favour of SMEs include a standstill until 30 September 2020 with respect to various forms of committed and uncommitted facilities, the government has taken additional steps to support all businesses by providing access to guarantees to be issued by SACE in favour of lenders who make new financing available, including by refinancing existing liabilities. Note that the measures under the Decrees described above are not considered “forbearance measures” as such term is defined by EU regulatory authorities. (fix widow)

We encourage our clients to consider the opportunities presented by the Decrees carefully, consulting with us as appropriate.

Separately, Italian companies that meet the relevant credit rating requirements may also benefit from liquidity assistance via the European Central Bank (“**ECB**”) Pandemic Emergency Purchase Programme (“**PEPP**”), pursuant to which the ECB may purchase bonds and commercial paper issued by European private and public sector entities. See our [client alert](#) for further details.

In addition, White & Case has carried out an analysis of global governmental responses to the COVID-19 crisis. These vary considerably from country to country and are being updated and amended regularly. We have prepared an in-depth and nuanced analysis for various major jurisdictions and pulled together a global response team. For useful information on COVID-19, please consult the [Coronavirus section](#) of our website. (fix widow)

# Annex 1

The “Cura-Italia Decree” and the “Liquidity Decree” include urgent measures to support the liquidity of companies and ensure business continuity. The applicable measures are described and compared below.

Applicable Measures	Large corporates	SMEs
<b>Eligible Beneficiary</b>	All enterprises registered in Italy regardless of their shareholder structure.	SMEs registered in Italy regardless of their shareholder structure.
<b>SACE Guarantee Scheme</b>	<p>Type of guarantee: irrevocable and unconditional first demand guarantee.</p> <p>Type of financing: any form of financing by banks or other institution authorised to lend in Italy.</p> <p>Beneficiary: any enterprises not classified as an “undertaking in difficulty” (<i>impresa in difficoltà</i>) and whose liabilities, as of 29 February 2020, were not classified as “deteriorated” by the bank, except for those controlling, or controlled by, directly or indirectly, companies located in a non-cooperative jurisdiction for tax purposes.</p> <p>Purpose of the financing: limited to coverage of personnel costs, investments, working capital relating to plants and business activities located in Italy, rents and fees for rental of a going concern. Up to 20% of the financing covered by the SACE Guarantee may be used for (i) payment of loan instalments which are past due or due within the period from 1 March to 31 December 2020 and whose payment has become objectively impossible as a consequence of COVID-19 outbreak; and (ii) fees for the implementation of COVID-19 prevention measures.</p> <p>Maximum guaranteed amount: (i) <b>90%</b> for companies that employ no more than 5,000 persons in Italy and that have an annual revenue not exceeding €1.5 billion; (ii) <b>80%</b> for companies which employ more than 5,000 persons in Italy, or that have an annual revenue higher than €1.5 billion but not exceeding €5 billion; or (iii) <b>70%</b> for companies which have an annual revenue higher than €5 billion.</p> <p>Conditions</p> <p>1. <i>Duration</i>: maximum six years, subject to a possible pre-</p>	<p>Same</p> <p>Same</p> <p>Same</p> <p>Same</p> <p>Same</p> <p>Same</p> <p>Same</p>



Applicable Measures	Large corporates	SMEs
	<p>amortisation period of 36 months;</p> <p>2. <i>Maximum size</i>: aggregate amount of all the financings backed by public guarantee cannot exceed the higher of (i) 25% of the beneficiary's 2019 annual revenue; or (ii) twice its 2019 employee costs;</p> <p>3. <i>No approval of dividends payment or share buy-back</i>: during the year 2020 (applicable also to group companies registered in Italy, including those subject to the direction and coordination of the beneficiary);</p> <p>4. <i>Job Security Undertaking</i>: commitment to manage occupational levels by reaching agreements with labour unions;</p> <p>5. <i>Increase of overall liability</i>: the overall amount of the liability of the lender <i>vis à vis</i> the borrower must be increased as a result of the financing/refinancing.</p> <p>Economic conditions: all-in commission equal to:</p> <ul style="list-style-type: none"> <li>▪ 50 bps during the first year;</li> <li>▪ 100 bps during the second and third year; and</li> <li>▪ 200 bps during the fourth, fifth and sixth year.</li> </ul> <p>Maximum cost of financing: not to exceed the cost normally applied for a similar transaction with no guarantee.</p> <p>Process: for companies employing more than 5,000 persons in Italy and that have an annual revenue exceeding €1.5 billion, the guarantee must be approved also by the Ministry of Economy and Finance, upon consultation with the Ministry of Economic Development.</p>	<p>Economic conditions: all-in commission equal to:</p> <ul style="list-style-type: none"> <li>▪ 25 bps for the first year;</li> <li>▪ 50 bps during the second and third year; and</li> <li>▪ 100 bps during the fourth, fifth and sixth year.</li> </ul> <p>Same</p> <p>Simplified process involving only the lender and SACE.</p>
State Guarantees of CDP Loans	<p>Type of guarantee: irrevocable and unconditional first demand guarantee.</p> <p>Type of financing: any guaranteed and/or pre-funded financings made available by Cassa Depositi e Prestiti S.p.A. after the Cura-Italia Decree date.</p>	

Applicable Measures	Large corporates	SMEs
	<p>Conditions</p> <ol style="list-style-type: none"> <li>1. Beneficiary to operate in one of the sectors to be identified by ministerial decree</li> <li>2. Beneficiary to declare it was impacted by COVID-19</li> </ol> <p>Maximum Guaranteed Amount: up to 80% of the financing.</p>	
Guarantees provided by the Central Guarantee Fund ( <i>Fondo Centrale di Garanzia</i> )	Not available to large corporates.	<p>Conditions</p> <ul style="list-style-type: none"> <li>- until 31 December 2020, free of charge</li> <li>- guarantee up to a maximum amount equal to €5 million</li> <li>- maximum coverage ranges from 80% to 100%</li> <li>- liabilities classified as NPL (<i>sofferenze</i>) are excluded</li> </ul>
Standstill and postponement	Not available to large corporates.	<p>SMEs affected by COVID-19, which indebtedness is not classified as “deteriorated credit exposures” can apply for:</p> <ul style="list-style-type: none"> <li>- standstill until 30 September 2020 with respect to any withdrawal of uncommitted credit facilities and facilities for credit advances;</li> <li>- extension until 30 September 2020 of the termination date of bullet term loan facilities;</li> <li>- a postponement until 30 September 2020 of the payment of the instalments due before 30 September 2020 and an extension of the duration of amortising term loan facilities; and</li> <li>- in case of pre-funded facilities or subsidised loans, the automatic extension of the funding agreements.</li> </ul>
Shareholders' funding	Shareholder loans granted between the effective date of the Restore Liquidity Decree and 31 December 2020 are not subject to statutory subordination.	
Other Corporate Measures	<p>Temporary suspension of recapitalisation duties.</p> <p>Until 31 December 2020 companies are not required to fulfil statutory recapitalisation duties provided and any of such circumstances does not constitute a liquidation event.</p> <p>Temporary criteria to verify business continuity.</p>	

Applicable Measures	Large corporates	SMEs
	When evaluating business continuity as at 31 December 2020, companies are allowed to refer to the latest financial statement approved before 23 February 2020. Such provision is applicable also to year-end financial statements closed before 23 February 2023 but still not approved.	
Insolvency Related Measures	<p>Suspension of proceedings for the declaration of insolvency or bankruptcy up to 30 June 2020.</p> <p>With respect to restructuring arrangements, composition with creditors, crisis settlement agreements and consumer plans for over-indebtedness (i) six-month extension of the terms for performance of connected obligations falling after 23 February 2020; (ii) (upon request) the competent Court may grant a new term of up to 90 days (starting from the date of the court decree) to prepare and submit to the Court new plans and arrangements/proposal for compositions in on-going procedures; and (iii) (upon request) the debtors which obtained the above mentioned extensions may be allowed by the Court to quit the on-going procedure and prepare out-of-court reorganisation plans.</p> <p>Postponement of the entry into force of the new distress and insolvency regime (Codice della Crisi e dell'Insolvenza), from 18 August 2020, to 1 September 2021.</p>	

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