IN-DEPTH

Insolvency

FRANCE

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Insolvency

Contributing Editor

Timothy Graulich

Davis Polk & Wardwell LLP

In-Depth: Insolvency (formerly The Insolvency Review) offers an incisive review of the most consequential features of the insolvency laws and procedures in key jurisdictions worldwide. It also examines the practical implications of recent market trends and insolvency case developments.

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France

Saam Golshani, **Anne Sophie Noury** and **Alicia Bali**
White & Case LLP

Summary

Introduction

French insolvency law had a historic tendency to favour the continuation of business and preservation of employees but the introduction of a class-based consultation system by the 2021 Reform entailed a certain rebalancing of the rights and powers of different stakeholders, including the shareholders and creditors. The past years have also seen a shift from emergency liquidity measures through consensual negotiations and covenant resets to a sector consolidation driven by M&A and complex restructuring transactions notably through the emergence of liability management exercises. The 2021 Reform has revealed itself to be quite an efficient tool to implement large-scale financial restructuring such as *Orpea*, *Bourbon* and *Casino* and its potential appears still to be explored in future restructurings. With high inflation, rising interest rates and slowing growth, the scenarios for the coming year are probably a significant increase in the number of insolvency proceedings which materialised in 2022, 2023 and 2024 and should probably continue in 2025.

Insolvency law, policy and procedure

Statutory framework and substantive law

French restructuring and insolvency laws have undergone significant changes and developments over the years. Originally construed as a punitive law for defaulting businesses, modern French law provides for a comprehensive and sophisticated framework, which aims at ensuring the continuation of business activities, maintaining employment and discharging liabilities.

French restructuring and insolvency laws are mostly codified under Book VI of the French Commercial Code, which establishes a wide range of proceedings, including confidential out-of-court proceedings (*mandat ad hoc* and conciliation) and formal in-court proceedings (safeguard, accelerated safeguard, judicial reorganisation and liquidation proceedings) to address both stressed and distressed situations, as well as actual insolvency situations.

French law relies on an insolvency cash flow test (*cessation des paiements*), defined as the debtor's inability to pay its debts as they fall due with its immediately available assets, taking into account any available credit lines and moratoria. Debtors are required to file for in-court insolvency proceedings within 45 days of insolvency (unless they have requested the opening of conciliation proceedings in the interim). Judicial reorganisation or liquidation proceedings may also be opened at the request of creditors or at the request of the public prosecutor.

French law favours debtors anticipating difficulties and voluntarily engaging in rescue proceedings before or shortly after insolvency, enabling them to retain significant control over the proceedings' outcome. Conversely, insolvency bodies and creditors are given enhanced procedural rights in the context of judicial reorganisation or liquidation proceedings.

The different procedures can be distinguished not only based on this criterion of solvency but may also be classified depending on the nature and consequences of the judicial intervention. Indeed, the commencement of in-court proceedings (safeguard, accelerated safeguard and judicial reorganisation proceedings) triggers the beginning of an observation period, characterised by a stay on payments (including interest payments) and a prohibition on legal proceedings, during which a plan for safeguard and judicial reorganisation proceedings is devised. These in-court proceedings are public and conducted under the supervision of a bankruptcy judge (*juge commissaire*), with the assistance of one or more judicial administrators in charge of monitoring, assisting or sometimes even managing the debtor (depending on its mission and on the procedure opened) and one or several creditors' representatives who represent the interests of the creditors.

Out-of-court proceedings, also called amicable proceedings, are confidential and do not trigger any stay on payments, even though standstills may be imposed by the President of the Court, nor on legal proceedings. As consensual proceedings, they can be opened at the request of the debtor only and based on more flexible conditions.

Over the past few decades, the most important changes brought to the French restructuring framework have stemmed from the reforms of July 2005, which introduced safeguard proceedings and increased the efficiency of amicable proceedings, and the reform of September 2021, through Ordinance No. 2021-1193 dated 15 September 2021 (the 2021 Reform), which implemented notably Directive (EU) 2019/1023 dated 20 June 2019. One of the major changes brought by the 2021 Reform relates to the way restructuring plans are adopted in safeguarding, accelerated safeguarding and judicial reorganisation proceedings. Plan proposals shall now be submitted to classes of affected parties (subject to certain conditions) – each member in a class sharing a sufficient commonality of economic interest with other members. Under a class-based consultation, a cram-down or cross-class cram-down on dissenting creditors or equity holders is now possible.[1]

Directive (EU) 2019/1023 also required the implementation of a swift preventive restructuring model, based on the collective adoption of a plan by creditors and on differential treatment of the company's stakeholders, which the former accelerated safeguard under Book VI of the French Commercial Code already closely resembled.

Therefore, as part of the 2021 Reform, a two-step model proceeding has been promoted, giving prominence to conciliation followed by accelerated safeguard proceedings, thus allowing debtors to take advantage of the confidentiality and flexibility of the out-of-court framework of the conciliation to negotiate a restructuring proposal that will then be implemented and, if need be, imposed during subsequent accelerated safeguard proceedings. Some first examples of such combination of proceedings have been tested over recent years in France, such as the major player in nursing homes Orpea, the retail company Casino and the oil and gas group Bourbon.

Policy

French insolvency law had a historic tendency to favour the continuation of business and the preservation of employees over the interests of creditors. Strong interventionism of the French state through the Inter-Ministerial Committee for Industrial Restructuring (CIRI), the

Departmental Committee for the Review of Business Financing Issues (CODEFIs) or the Ministry of Finance in the restructuring of significant companies is also noteworthy.

However, the French restructuring framework has experienced a certain rebalancing of the rights and powers of different stakeholders, in order to better preserve the interests of the entire business (including employees), thus shifting the balance of power back towards creditors over the past 20 years. For example, creditors benefited from the introduction of committees and the strengthening of creditors' representatives' power in 2005 and, in 2014, the straightening of creditors' rights by allowing creditors to submit a competing restructuring plan to that of the debtor to committees (or, now, classes of affected parties with respect only to judicial reorganisation plans). In 2015, proper shareholder squeeze-out procedures were introduced, allowing, under restrictive conditions, for a forced dilution or a forced disposal of equity if shareholders did not vote in favour of share capital increases, which were deemed necessary to rescue the company. Finally, in 2021, the establishment of classes of affected parties with a separate class for equity holders allows, under certain conditions, for the imposition of a certain number of obligations on those equity holders through the continuation plan, including a share capital dilution.

This protection of creditors' rights will be probably confirmed in the future as a proposal for a directive reforming the Member States' insolvency laws presented on 7 December 2022 and harmonising certain aspects of insolvency law provides for the representation of creditors' interests in restructuring proceedings through creditors' committees.

Pre-insolvency and insolvency procedures

Out-of-court proceedings include *mandat ad hoc* and conciliation:

1. *mandat ad hoc* proceedings are preventive and confidential proceedings that are not limited in time and available to debtors who are not cash-flow insolvent. These proceedings provide a framework for negotiation under the aegis of a court-appointed negotiator with the aim of reaching an agreement with all or some of the stakeholders, but without triggering an automatic stay on payments and enforcement actions; and
2. conciliation proceedings are available to debtors who face legal, financial or economic difficulties that are actual or foreseeable, provided that they are solvent or have not been insolvent for more than 45 days. The debtor and the relevant stakeholders will negotiate on a purely consensual and voluntary basis and will, if successful, reach an agreement that may be either acknowledged by the judge or formally approved by the court. Conciliation proceedings are confidential and may last up to a maximum of five months.

A debtor is allowed, during conciliation proceedings, to ask the judge who opened the procedure to:

1. postpone or reschedule, for up to two years, the payment of sums due to a creditor:
    - who has sent a formal notice of default or has initiated recovery actions; or
    - who has not accepted, within the time limit set by the conciliator, the latter's request to stay the payment of its claim (standstill); and

2. postpone or reschedule, within the duration of the conciliator's mission, the payment of claims that are not yet due to a creditor who has not accepted, within the time limit set by the conciliator, the conciliator's request to suspend the enforceability of its claim.

Where no agreement is reached in conciliation but the debtor has the sufficiently broad support of its creditors, it may request the opening of accelerated safeguard proceedings.

The new accelerated safeguard proceedings are a pillar and a key feature of the transposition of Directive (EU) 2019/1023 into French law. Such proceedings are no longer limited to companies reaching certain thresholds. Since the 2021 Reform, these proceedings are available to all corporate entities as long as:

1. their financial statements have been certified by an auditor or drawn up by a chartered certified accountant;
2. they are subject to ongoing conciliation proceedings;
3. they have used the conciliation proceedings to negotiate a draft accelerated safeguard plan, which ensures the continuation of its business as a going concern that will likely receive sufficient support from parties that will be impaired by such plan, thus rendering its adoption plausible; and
4. they have not been insolvent for more than 45 days when conciliation proceedings were initiated.

In other words, the accelerated safeguard proceedings serve as a secure framework to implement the plan that has already been negotiated during conciliation proceedings. The procedure aims at adopting an accelerated safeguard plan, which will necessarily occur through the setting-up of affected parties' classes, either with an approval of each class or through a cross-class cram-down. The maximum duration of accelerated safeguard proceedings is four months.

More broadly, in-court proceedings also include regular safeguard, judicial reorganisation and liquidation proceedings.

Safeguard proceedings are court-administered proceedings available to debtors on a voluntary basis when they are still solvent but face difficulties (financial or otherwise) that they cannot overcome.

Reorganisation proceedings may be opened in respect of insolvent companies for a maximum duration of 18 months (with the last six months being an exceptional renewal upon request of the public prosecutor). The adoption process for a reorganisation plan is very similar to the process applicable in safeguard proceedings, subject to certain distinctions, including most notably the power for creditors to submit a competing plan to the debtor's plan in a class-based consultation. Under reorganisation proceedings, a court may order:

1. the continuation of the business through a reorganisation plan that has been approved by affected parties under the same conditions as for the safeguard plan

(i.e., a vote by affected parties grouped into classes or through the individual consultation process);

2. the sale of all or part of the debtor's assets or business as a going concern through a sale plan if no plan is viable; or
3. if the latter fails, the conversion into liquidation proceedings.

Liquidation proceedings are opened when the company is insolvent and its reorganisation or rescue appears manifestly impossible. Its purpose will be to terminate the activities of the company and dispose of its assets to repay the creditors to the greatest extent possible. In such a case, a judicial liquidator is appointed.

During such proceedings, the debtor shall submit a draft plan to the creditors pursuant to an individual consultation process or, as applicable, to classes of affected parties, which may include debt write-offs, debt-for-equity swaps, partial sale of the business or rescheduling of debts. The safeguard plan will be adopted (subject to court confirmation) either through individual consultation of creditors or through a class-based consultation if the relevant thresholds are met or in the case of voluntary application. The maximum duration of the observation period of the safeguard proceedings is 12 months (compared to 18 months prior to the 2021 Reform).

Judicial reorganisation proceedings may be opened in respect of insolvent companies, for a maximum duration of 18 months (with the last six months being an exceptional renewal upon request of the public prosecutor). The adoption process for a reorganisation plan is very similar to the process applicable in safeguard proceedings, subject to certain distinctions, including most notably the power for creditors to submit a competing plan to the debtor's plan and apply for a cross-class cram-down.

Under reorganisation proceedings, a court may order:

1. the continuation of the business through a reorganisation plan that has been approved under the same conditions as for the safeguard plan (i.e., a vote by affected parties grouped into classes or through the individual consultation process) subject to the exceptions outlined above;
2. the sale of all or part of the debtor's assets or business as a going concern through a sale plan if no continuation plan seems viable; or
3. if the latter fails, the conversion into liquidation proceedings.

Liquidation proceedings are opened when the company is insolvent, and its reorganisation or rescue appears presumably impossible. Its purpose will be to terminate the activities of the company and dispose of its assets to repay the creditors to the greatest extent possible. In such a case, a judicial liquidator is appointed.

There is no maximum duration and, in practice, liquidation proceedings often last for several years. Exceptionally, the judgment opening the liquidation proceedings may provide for the continuation of the business for a short period of three months (renewable once at the request of the public prosecutor's office) when a total or partial sale of the company is possible.

Last, and with regard to cross-border situations, local procedures allow for ancillary (non-main) insolvency proceedings where main proceedings are pending in another EU country (other than Denmark).

Indeed, pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as amended, in particular by Regulation (EU) No. 2018/946 of the European Parliament and of the Council of 4 July 2018 (the EU Insolvency Regulation), main proceedings are first opened in the jurisdiction where the debtor has its centre of main interests (COMI), such COMI being deemed to be the place of the debtor's registered office (although this presumption is rebuttable).

On the basis of this rule and where the COMI is located in a member state other than France, French courts may nevertheless have jurisdiction to open territorial (if no main procedure is opened) or secondary (if a main procedure was opened in another relevant EU country) insolvency proceedings. Unlike main proceedings, which are universal in scope, secondary or territorial proceedings are territorial in nature and therefore limited to the assets located in the jurisdiction of the court that opened the proceedings.

Starting proceedings

Mandat ad hoc and conciliation proceedings may only be opened at the debtor's request. The debtor may petition the President of the court if anticipating legal, economic or financial difficulties (or all three), provided such debtor is not yet cash-flow insolvent (or, for conciliation proceedings, has not been insolvent for more than 45 days).

For safeguard proceedings, the debtor may freely apply to the court if it faces difficulties that it cannot overcome and is not cash-flow insolvent.

For judicial reorganisation and liquidation proceedings, the debtor must be cash-flow insolvent and, specifically for liquidation proceedings, the court must find that the debtor's recovery is presumably impossible. The debtor may file for the opening of judicial reorganisation and liquidation proceedings, but an unpaid creditor or the public prosecutor may also petition the court.

The opening of out-of-court proceedings cannot be challenged by other parties, save in respect of conciliation proceedings, the opening of which may be challenged by the public prosecutor. Interested parties aware of the opening of the conciliation proceedings may also try to challenge the opening of such proceeding based on abuse of power from the President of the commercial court.

All judgments opening safeguard, judicial reorganisation or liquidation proceedings may be appealed by the debtor or the creditor who requested the opening of such proceedings. In addition, the opening of safeguard, judicial reorganisation and liquidation proceedings may be appealed by the public prosecutor; while only the opening of liquidation proceedings may be appealed by the employees' representatives.

Control of insolvency proceedings

Commercial courts (or, in some limited instances, civil courts) supervise the in-court and (to a lesser extent) out-of-court proceedings, which are led by a judicially appointed official (i.e., *mandataire ad hoc*, conciliator, judicial administrator or liquidator) under the

supervision of a dedicated judge (President of the commercial court for the *mandat ad hoc* and conciliation proceedings, and bankruptcy judge for the safeguard, judicial reorganisation and liquidation proceedings).

More specifically, as part of the opening judgment for in-court proceedings (other than liquidation proceedings), the court will appoint one or more judicial administrators in charge of monitoring, assisting or in certain circumstances interfering in the management of the debtor (depending on its mission and on the procedure opened), one or several creditors' representatives (*controleurs*) who represent the interests of the creditors, and a bankruptcy judge in charge of supervising the procedure, authorising non-ordinary course of business transactions (such as but not limited to the disposal of assets or the approval of a settlement agreement) and ruling on admissibility of creditors' claims. The creditors' representative may then be appointed as liquidator in the event of a conversion into liquidation proceedings.

Only the collegiate formation of the court has jurisdiction to review and approve the proposed plan. In this context, the court may refuse to approve the plan, even if it has been approved by the creditors, if it considers that it does not allow the safeguarding of the company. The court, when approving the plan, may also impose payment terms for a maximum of 10 years on non-consenting creditors in the sole context of an individual consultation process (with the only exception of creditors benefiting from a new-money privilege and a post-money privilege) and for small and medium-sized enterprise companies.

Directors and legal representatives continue to be bound by a duty of loyalty, cooperate with the judicial administrators and the court and remain liable to preserve the best interests of the company. Under French law, there is no shift of board members' fiduciary duties towards creditors or other claimants in the verge of insolvency. However, acts entered into by the company between the insolvency date and the opening of the proceedings may, in certain cases, be declared void (e.g., in the event of donations, unbalanced contracts, payment of unmatured debts or payment of mature debts by an abnormal payment method) subject to a determination by the court.

Special regimes

As a matter of principle, the insolvency regime applies to all French law-governed companies. However, some specific provisions apply to regulated sectors, such as banking and insurance activities, in order to ensure the protection of customers and the prevention of systemic effects.

For banks and credit institutions, Directive 2014/59/EU, further transposed into French law by Ordinance No. 2015-1024 of 20 August 2015, enabled a wide range of recovery and resolution actions to be taken by the competent authorities (*Autorité de contrôle prudentiel et de résolution* (ACPR)) in relation to credit institutions whose failure is known or predictable. These actions include the appointment of a temporary administrator, transfer of the bank's assets and creation of preventative measures and management of banking crises. Through the bail-in mechanism, for instance, shareholders are divested of their shares and creditors have their claims converted, cancelled or reduced to the extent necessary to guarantee the financial viability of the bank.

For insurance and reinsurance companies, the opening of an insolvency procedure is subject to an ACPR request. The ACPR may take all appropriate measures to safeguard an insurance company by appointing a temporary manager or requiring an increase in the solvency margin. If the entity's financial difficulties become critical and jeopardise the insureds' interests, the ACPR may withdraw the insurance company's licence, which will trigger liquidation proceedings.

In relation to corporate groups, there is no specific procedure that exists under French law. However, French law provides that in-court proceedings of corporate groups may be opened by the court in the jurisdiction of the registered office of any company of such group, and this court will continue to be competent for the opening of all other insolvency proceedings of the group subject to specific conditions to fulfil. In such cases, the court can appoint a judicial administrator and a creditors' representative that is common to all of the proceedings.

Such competence in favour of the same court should also apply to out-of-court proceedings, and the same conciliator can be appointed for several proceedings involving companies in the same group.

Cross-border issues

The jurisdiction of French courts usually depends on the location of the debtor's registered office or, in a subsidiary manner, the location – based on a cluster of evidences – of the main centre of the interests of the debtor (different from the COMI), or, rarely, under wide-ranging rules of jurisdiction provided for in articles 14 and 15 of the French Civil Code, which creates a wide basis of jurisdiction on the French courts. Such competent rules are, however, rarely used considering that, at the European Union level, unified competence rules apply.

At the EU level (outside of Denmark), the principal legislation that applies to cross-border insolvency is Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as amended, in particular by Regulation (EU) No. 2018/946 of the European Parliament and of the Council of 4 July 2018 (the EU Insolvency Regulation).

The EU Insolvency Regulation provides that the courts of the member state in which a debtor's COMI is situated have exclusive jurisdiction to commence the main insolvency proceedings relating to such debtor. A company's COMI is deemed to be the place of its registered office. However, the presumption is rebuttable and can be reversed through evidence showing that the debtor conducts the administration of its interests on a regular basis (and as ascertainable by third parties) in a different member state.

There is also a principle of immediate and automatic recognition of decisions relating to the opening, running and closing of the insolvency proceedings in all other EU member states without any formalities (as a general rule). As for insolvency judgments rendered by non-EU member states, their recognition is subject to the *exequatur* process.

Insolvency metrics

After being buffeted by a series of adverse shocks over 2020 to 2024, the global economy is facing another significant headwind this year, with increased trade barriers and heightened policy uncertainty leading to a notable deterioration of the outlook. In particular, global output is expected to grow at its weakest pace since 2008, aside from outright global recessions. The sharp increase in tariffs and the ensuing uncertainty are contributing to a broad-based growth slowdown and deteriorating prospects in most of the world's economies. Subdued global growth prospects are unlikely to improve materially without policy actions to address increasing trade restrictions, geopolitical tensions, heightened uncertainty and limited fiscal space. In light of the above, global growth is stabilising at 2.3 per cent in 2025, a rate insufficient for progress on key development goals and is forecast to settle down about 2.5 per cent over 2026–2027, well below the 3.1 per cent average in the decade preceding the covid-19 pandemic.[2]

In terms of in-court proceedings, the number of proceedings recovered its average pre-pandemic level for the first time in 2023 and this increase was confirmed in 2024.[3] There were 32,595 in-court proceedings opened in France in the first half of 2025 (and 61,227 in 2024, against 51,741 for the same period in 2023).[4]

The principal features of recently opened insolvency proceedings in France are as follows:

1. with regard to the type of proceedings, liquidation proceedings remain the most commonly opened insolvency proceedings (around 67 per cent in 2024), followed by reorganisation proceedings (around 28 per cent) and, far behind, safeguard proceedings (2 per cent);[5]
2. a quick overview of the companies undergoing insolvency proceedings shows that most proceedings are opened with respect to SME, micro-enterprises, very small or small firms; and
3. in 2025, the areas most affected by the crisis were wholesale and retail trade, construction, accommodation and food service activities, specialised, scientific and technical activities, manufacturing and extractive industries.[6]

Plenary insolvency proceedings

Rallye

Rallye is a company in the food sector and non-food e-commerce through its interest in Casino.

In May 2019, Rallye SAS and its direct and indirect holding companies and affiliates, which are all Casino group's parent holding companies, were placed under safeguard proceedings. Rallye's indebtedness was estimated at nearly €2.9 billion, including secured bank debt and unsecured bonds.

On 28 February 2020, a safeguard plan was adopted by the Paris Commercial Court, providing for a rescheduling of the indebtedness over a 10-year period (term out), noting,

however, that lenders secured on Casino shares received a better treatment due to their ability to access future dividends of Casino through their security interests.

Rallye's safeguard plan, like Comexposium's safeguard plan (see 'Comexposium'), was one of the latest plans approved on a committee-based consultation where a judicial term out until 10 years remains available. Changes implemented under Ordinance No. 2021-1193 dated 15 September 2021 (the 2021 Reform) would have imposed Rallye consulting its creditors gathered in classes of affected parties where no similar term out would have been possible in a safeguard plan. In addition, the 2021 Reform will strictly limit the ability of secured lenders to access future assets of a debtor going forward.

On 26 October 2021, the companies obtained from the Paris Commercial Court a rescheduling of the repayment plan with an extension to the terms of the safeguard plans of two years. This postponement was based on the application of a Covid Ordinance that allowed for an extension of the plan without further consultation of the creditors.

Following the restructuring of the Casino group (see 'Casino Guichard-Perrachon'), Rallye shareholdings in Casino group were heavily diluted by at least half of the share capital of the group's companies. Consequently, judicial liquidation proceedings have been opened regarding Rallye SAS and other holding companies in April 2024.

Bourbon

Bourbon is a specialist in offshore oil and gas marine services, and has been experiencing financial difficulties since 2014, due to the collapse of oil prices.

Negotiations were initiated with creditors and led by the banking institutions, notably the main French banks, first in the context of a conciliation and then in the context of several reorganisation proceedings. This first restructuring has resulted in a change of control of the group and the subscription of state-backed loans (PGEs).

This lenders-led transaction by banking institutions in a highly difficult judicial context is a unique matter where the main French banks and the state-owned Chinese bank ICBC, while holding most of the financial debt of the Bourbon Group (the Group), have also acquired a controlling stake of the share capital of Société Phocéenne de Participations and at the board of the group.

This uncommon shareholding structure coupled with a very complex financial documentation for the Bourbon group to operate daily has precipitated the Group in a new financial restructuring with its main financial creditors led by hedge funds.

During this new financial restructuring, the Group opened several conciliation proceedings at the end of 2024 to negotiate with a consortium of investors which prepared a new restructuring proposal to inject new liquidity and restructure the financial and lease liabilities of the Group. Among the stakeholders, the Group had three main creditors: (1) the state-owned Chinese bank ICBCL with whom it entered into lease agreements for 40 vessels and incurred a significant indebtedness (including termination indemnities); (2) the consortium and minority investors which hold shareholding in the Group's parent company as well as the reinstated (approximately €325 million) and new money bonds (€175 million) issued by Group companies and (3) PGE banks for state-backed loans (*prêts garantis par l'Etat*) (€90 million).

Given the impossibility to reach a unanimous consent with all the stakeholders, including in particular ICBCL, certain of the Group companies then toggled in accelerated safeguard proceedings opened by the Marseille specialised commercial court.

Following that, the Marseille specialised commercial court approved by judgments dated 17 July 2025 the accelerated safeguard plans and the conciliation protocol which provide for the following key terms:

1. an injection of new liquidity through a €150 million share capital increase granted to the Group by the consortium of investors;
2. a partial payment of the ICBCL lease receivables;
3. a massive deleveraging with the view to reduce the Group's indebtedness below €380 million;
4. a reinstatement of the new money bonds; and
5. the entry into new lease agreements with ICBCL enabling an orderly redelivery of the vessels exploited by Bourbon.

The Bourbon restructuring epitomises the attractiveness of French accelerated safeguard proceedings, which allow tailor-made solutions by constituting classes – in the respect of legal criteria – taking into account the efficiency of the security interests in relation to the claims of secured creditors. To our knowledge, it is also the first case where an accelerated safeguard procedure has been opened to the benefit of a foreign company.

Comexposium

The Comexposium case highlights the impact of the outbreak of the covid-19 pandemic on the events industry. Four companies in the Comexposium group, which is one of the world's leading event organisers, initiated safeguard proceedings in September 2020, leading to the adoption of safeguard plans through imposed repayment schedules in October 2021. This case serves as an example of what is most likely to be one of the last 'imposed' safeguard plans (term out) adopted under the law prior to the implementation the 2021 Reform.

The group was a debtor under a €573 million senior facilities agreement, divided into a €90 million revolving credit facility and €483 million term loan B.

This case raises several unregulated law issues relating notably to the continuation of contracts during both the observation period and the execution of safeguard plans, and questions the relevance of certain legal rules, such as the constitution of creditors' committees – now replaced by the classes of affected parties – that are mandatory but nevertheless not sanctioned if not complied with.

Other important topics have been raised, highlighting the disadvantages and points to consider when implementing sophisticated financing arrangements under the French legal regime (for instance, dealing with the trading of debts, acceleration notices and English law contracts).

This case also gave rise to several legal actions, both in France and in the United Kingdom.

Vallourec

Vallourec is a global player in the construction of seamless steel tubes and specific tubular solutions, mainly for the energy markets, and employs around 16,637 employees worldwide. It started facing difficulties in 2015 and 2016 with the fall in oil prices, leading to the implementation of a transformation plan, including investments in new low-cost modern mills in Brazil and China in particular, which were financed through significant amounts of debt, repayment of which became unsustainable with the 2020 oil price decline.

As at September 2020, Vallourec faced €3.5 billion in debt, including €1.7 billion due in February 2021, which led to the negotiation of a lock-up agreement with its major creditors (commercial banks and crossholders), under the aegis of the Inter-Ministerial Committee for Industrial Restructuring (CIRI), through a *mandat ad hoc* proceeding, just before the opening of a safeguard proceeding, leading to the adoption of a safeguard plan with the following key terms:

1. major deleveraging of Vallourec through a €300 million right issue, a €1,331 million equitisation of claims held by existing creditors and a €169 million debt write-off combined with warrants;
2. a refinancing of the residual debt and the securing of new financing lines; and
3. the establishment of a new governance structure, which was successfully adopted on 30 June 2021.

Vallourec engaged in an out-of-court refinancing in 2024, which includes a new five-year €550 million multi-currency revolving facility agreement with a diversified global group of lenders, the amendment of its asset-based loan credit agreement in the United States for an amount increased to US$350 million and extended over five years, and the issue of senior notes bearing annual interest at 7.5 per cent and maturing in 2032 for a total nominal amount of US$820 million. The refinancing was followed by a judgment from the Nanterre Commercial Court dated 31 October 2024 acknowledging the completion by Vallourec of its safeguard plan.

Pierre & Vacances

Pierre & Vacances is the leading European player in the vacation home and leisure real estate market, employing approximately 12,000 employees worldwide. The group suffered serious difficulties leading to the opening of a first conciliation proceeding by a judgment dated 2 February 2021, followed by a *mandat ad hoc*, and then a second conciliation proceeding by judgment dated 22 March 2022, leading to the opening of an accelerated safeguard proceeding by a judgment dated 31 May 2022. A safeguard plan was approved by a judgment dated 22 July 2022. Pierre & Vacances' debt amounted to €700 million.

This case is important because it was the first material post-2021 Reform proceeding and provided a first insight of all issues surrounding the constitution and consultation of classes of affected parties.

The safeguard was adopted by a judgment dated 22 July 2022 and notably included a refinancing with a conversion of the convertibles into shares up to €550 million, a new financing of €300 million and a capital increase of €200 million, leading to a change of control of the group. On 5 December 2022, the court recognised the completion of the accelerated safeguard plan and therefore closed the proceedings.

Emeis (ex-Orpea)

Orpea is a major player in the support of elderly people. Following the publication of a book alleging abuses in Orpea's practices, due in particular to insufficient staff in its residences, Orpea suffered financial difficulties.

A first conciliation procedure was opened by an order dated 20 April 2022 and led to a conciliation agreement, which was homologated by the court by a judgment dated 10 June 2022.

Due to new financial difficulties, a second conciliation proceeding was opened by an order dated 25 October 2022. In this context, several agreements were concluded in view of the opening of accelerated safeguard proceedings in order to implement Orpea's restructuring plan.

This case is unprecedented due to:

1. Orpea being both listed on Euronext (SBF 120), but also an operational company, managing more than 220 establishments with approximately 14,000 employees;
2. the size of the restructuring, with hundreds of different types of financing, Orpea's indebtedness representing €7.4 billion as of 31 December 2022; and
3. its international impact, with 1,200 subsidiaries worldwide with indebtedness in more than 14 different jurisdictions.

The impact of this case will be significant as it is one of the first applications of the 2021 Reform and of the cross-class cram-down and given that many issues were raised in the process involving numerous stakeholders.

Unlike Pierre & Vacances (see above), this restructuring gave rise to numerous recourses enabling the French courts to clarify the qualification of hybrid bonds such as convertible bonds and, more generally, market practices that provided a framework for the next restructurings (see 'Casino Guichard-Perrachon').

Casino Guichard-Perrachon

Casino Guichard-Perrachon and its subsidiaries – the Casino group – are one of the core chain of supermarkets and hypermarkets in the retail industry with branches in France, Europe and across the globe.

The Casino group engaged in a large-scale restructuring of its financial indebtedness and a strengthening of its equity structure through new money equity injections by a consortium of investors led by EP Equity Investment III SARL, a company controlled by businessman Daniel Kretinsky, Fimalac and Attestor.

Conciliation proceedings have been opened with respect to Casino Guichard-Perrachon and certain of its subsidiaries by orders granted by the President of the Paris Commercial Court dated 25 May 2023. In the frame of the conciliation proceedings, a restructuring term sheet was executed on 27 July 2023 before being completed by the execution of a lock-up agreement on 5 October 2023.

Casino Guichard-Perrachon and certain of its subsidiaries then applied for the opening of accelerated safeguard proceedings by the Paris Commercial Court on 25 October 2023 before accelerated safeguard plans being approved by the Paris Commercial Court in judgments dated 26 February 2024. Since the completion of the financial restructuring, the consortium has controlled Casino via a special-purpose vehicle controlled by EP.

The Casino restructuring appears to be highly consensual as all classes of affected parties except one, which abstained from voting to approve by a two-thirds majority the safeguard plan of Casino Guichard-Perrachon and, out of the 17 classes of affected parties of the relevant Casino subsidiaries, 16 classes approved the draft accelerated safeguard plans by the required majority.

In addition, Casino's restructuring is one of the first applications of the 2021 Reform at the group-company level and demonstrates the efficiency of the tools provided by the 2021 Reform to apprehend the restructuring of indebtedness and guaranties at the level of several entities of the same group.

Finally, this case reveals the possibility of implementing two-fold restructurings (new money injections and a restructuring of the existing indebtedness) in the frame of accelerated safeguard proceedings through:

1. €1.2 billion of additional equity, comprising €925 million subscribed by the consortium of investors; and
2. a massive deleveraging of secured and unsecured indebtedness through the conversion of all financial unsecured debt and of €1.355 billion of secured debt into equity as well as the reinstatement of €2.121 billion of residual debt.

However, this case also embodies the necessity of a French restructuring law reform to vest guarantors with the possibility to automatically benefit from the restructuring plans approved at the level of the issuers and borrowers as it is the case in the schemes of arrangement.

Atalian

Atalian is an independent European leader in outsourced business services with a turnover of €2 billion and more than 70,000 employees across 20 different countries. Its services are organised around several business lines including facility management, cleaning, security and safety.

In March 2023, Atalian restructured its debt through negotiations with a major group of noteholders. Conducted exclusively outside of commercial courts, these discussions resulted in a commercial agreement to refinance and reschedule La Financière Atalian's entire bond debt with a group of noteholders representing 98.46 per cent of the existing bonds.

The transaction includes a cash redemption of €400 million under the existing notes, with a specific allocation of €100 million for participating noteholders, and a reinstatement of remaining amounts under the existing notes to be issued in the form of new euro-denominated senior secured notes due on 30 June 2028 in an aggregate amount of approximately €836 million. The existing high-yield indebtedness was then exchanged against one new high-yield indebtedness secured by a double Luxco.

This case is unprecedented due to the purely amicable nature of the discussions, which prevented Atalian's operations from being disrupted by the restructuring and enabled the transaction to be implemented swiftly. Indeed, the risk for non-participating creditors not to be allocated the €100 million *pro rata* of their holdings was high as the transaction could have been imposed upon the non-participating creditors in the frame of an accelerated safeguard procedure due to the very large support of the plan.

Hopps group

The Hopps group is one of the leading French operators of physical and digital print advertising. The group, which employed more than 10,000 employees, encountered serious difficulties after an operational disruption during the 2021 French elections which led several of its subsidiaries, after restructuring attempts, to apply for and be granted the opening of reorganisation proceedings by the Marseille Commercial Court.

The ongoing restructuring of Hopps group epitomises the fact that, despite the 2021 Reform which introduced an efficient preventive restructuring framework with conciliation and accelerated safeguards, large-scale restructuring in the frame of reorganisation proceedings are not purely hypothetical and may, in the event no viable solution is identified, conclude with the opening of judicial liquidation proceedings.

Ancillary insolvency proceedings

To our knowledge, no material ancillary insolvency proceedings for foreign-registered companies have been initiated or are currently undergoing in 2024 in France.

Year in review

In terms of in-court proceedings, the number of proceedings has recovered its average pre-pandemic level for the first time in 2023 and this increase confirmed in 2024. There were 32,595 in-court proceedings opened in France for the first half of 2025 (and 61,227 in 2024, against 51,741 for the same period in 2023). Even if liquidation proceedings remain the most prominent type of proceedings opened by courts, these proceedings predominantly concern SMEs and micro-enterprises while several large-scale financial restructurings have been led in 2024 with the accelerated safeguard procedure which enable debtors to conduct their restructuring in a condensed period of time and to implement massive deleveraging and new money injection through class-based consultation. It shall, however, not be forgotten that proceedings such as judicial

reorganisation proceedings remain attractive to implement prepackaged business sales and remain a fallback scenario for companies presenting a tight liquidity.

Cross-border restructurings tend also to be initiated from France with the possibility now acknowledged to open accelerated safeguard proceedings to the benefit of companies incorporated in foreign jurisdictions but controlled by French-based parent companies. This trend, if it should be confirmed in the forthcoming years, will be a factor in the attractiveness of French accelerated safeguarding but also for consensual solutions as a liability management exercise with pools composed of foreign creditors accepting the restructure of their indebtedness in confidential and out-of-court proceedings or, in certain cases, outside of any restructuring proceedings.

Outlook and conclusions

As a global outlook, an increase in restructuring and A&E (amend and extend) deals is expected in 2025 as the covid pandemic led to many highly leveraged deals due to an influx of low-priced liquidity in 2020–2021 and the first quarter of 2022. Now, funds are struggling to sell their investment stakes at the expected prices. Additionally, some sectors that funds invested in during this period rely on the French government and are under pressure because the French government is now facing huge indebtedness and looking to cut spending. The healthcare sector, which saw significant private equity investment in 2020–2021, is a good example.

In addition, and regarding legislative changes, although many think tanks are considering restructuring law reforms following the 2021 Reform and with three years of hindsight, they are unlikely to be implemented before 2027 due to the lack of a majority in the French national assembly. Future restructuring law reforms could also intervene at the European level with the submission on 7 December 2022 of a proposal for a directive reforming the Member States insolvency law and harmonising certain aspects of insolvency law provides for the representation of creditors' interests in restructuring proceedings through creditors' committees even if French judicial reorganisation and liquidation proceedings already provide for a good protection of creditors' rights through dedicated representatives.

With high inflation, rising interest rates and slowing growth, the scenarios for the coming year are quite pessimistic, with financial players and specialised governmental institutions, including the Inter-Ministerial Committee for Industrial Restructuring (CIRI), anticipating a significant increase in the number of insolvency proceedings which materialised in 2022, 2023 and 2024 and should probably continue in 2025, based on available data, beyond the pre-pandemic figures.[7]

The number of insolvency proceedings had been particularly low since the beginning of the covid-19 crisis, due to the adoption of regulations temporarily granting additional time to both assess and report insolvency, and, later, cash support measures to avoid the occurrence of insolvency. However, the number of insolvency proceedings has since been increasing quickly.

The past years have also seen a shift from emergency liquidity measures through consensual negotiations and covenant resets to a sector consolidation driven by M&A and complex restructuring transactions, notably through the emergence of liability

management exercises. The 2021 Reform has revealed itself to be quite an efficient tool to implement large-scale financial restructuring such as *Orpea*, *Bourbon* and *Casino* and its potential appears still to be explored in future restructurings.

Furthermore, we noticed a shift from past practice where blanket measures were applied irrespective of the procedure and business at hand, to a new practice favouring the implementation of liquidation measures for businesses that cannot be salvaged and more granular procedures for businesses with a real financial and systemic stake in the future (as in the Hopps group restructuring).

In terms of legislative changes, no reform of French insolvency law is currently contemplated but a proposal for a directive reforming the Member States' insolvency laws was presented on 7 December 2022. The Directorate General of the Treasury and the Inter-Ministerial Committee for Industrial Restructuring are conducting consultations in order to clarify and further enhance the recent reforms. Given the uncertainties in relation to the implementation of certain changes brought about by the latest reform, clarification will undoubtedly follow with practice and time. Some notable ongoing cases, such as *Orpea*, will most probably serve as examples.

Endnotes

1. Class-based consultation will be mandatory either (1) in accelerated safeguard proceedings without any threshold conditions or (2) in safeguard or judicial reorganisation proceedings if the debtor meets or exceeds any of the following thresholds on the date of the petition for the commencement of proceedings: (1) 250 employees and €20 million in net turnover; and (2) €40 million in net turnover. The setting up of classes may be voluntarily requested in safeguard and judicial reorganisation proceedings if these thresholds are not met. The continuation plan will then need to be adopted by the different classes of affected parties (each class voting under a two-thirds majority of the members having cast a vote), subject to the possibility, under certain conditions, of implementing a cross-class cram-down to overcome opposition by certain dissenting classes. ^ Back to section

2. Statistics from the Observatoire des données économiques du CNAJMJ. ^ Back to section

3. World Bank Group, Global Economic Prospects¸ June 2024 ^ Back to section

4. Statistics from the Conseil National des Greffiers des Tribunaux de Commerce. ^ Back to section

5. Statistics from the Conseil National des Greffiers des Tribunaux de Commerce. ^ Back to section

6. Statistics from the Observatoire des données économiques du CNAJMJ. ^ Back to section

7. Statistics from the Observatoire des données économiques du CNAJMJ. ^ Back to section

WHITE & CASE

Saam Golshani saam.golshani@whitecase.com
Anne Sophie Noury annesophie.noury@whitecase.com
Alicia Bali alicia.bali@whitecase.com

White & Case LLP

Read more from this firm on Lexology