

31. March 2020

ACT ON MITIGATING THE EFFECTS OF THE COVID-19 PANDEMIC - CHANGES IN INSOLVENCY AND CORPORATE LAW

INSOLVENT, BUT (FOR THE TIME BEING) NO OBLIGATION TO FILE FOR INSOLVENCY! THIS IS THE HEART OF THE INSOLVENCY LAW RELATED LEGISLATIVE MEASURES WHICH HAVE BEEN ADOPTED LAST WEEK IN A RUSH TO SECURE THE EXISTENCE OF GERMAN COMPANIES. HOWEVER, ALSO A NUMBER OF OTHER INSOLVENCY LAW PROVISIONS HAVE BEEN SUSPENDED OR RELAXED SO AS TO FACILITATE AND FOSTER CASH INFLOW AND FINANCING ACTIVITIES FOR THE COMPANIES AFFECTED BY THE CURRENT CRISIS.

FINANCING MEASURES REQUIRE COMPANY BODIES BEING CAPABLE TO ACT WITHOUT FURTHER ADO. HOWEVER, SHAREHOLDERS' MEETINGS AND THE ADOPTION OF RESOLUTIONS BY SHAREHOLDERS ARE CURRENTLY DIFFICULT IF NOT IMPOSSIBLE TO REALIZE DUE TO OFFICIAL BANS ON MEETINGS OR SOCIAL CONTACT. FOR THIS REASON, THE GERMAN LEGISLATURE ALSO TOOK ACTION IN THE FIELD OF CORPORATE LAW AT SHORT NOTICE TO FACILITATE THE ADOPTION OF SHAREHOLDERS' RESOLUTIONS WITHOUT PHYSICAL PRESENCE. AND MORE OR LESS "BY THE WAY", A COMPLETELY NEW INSTITUTION WAS ESTABLISHED: THE VIRTUAL GENERAL ASSEMBLY OF STOCK CORPORATIONS (AG). ([more...](#))