



Reinventing Insolvency Law in Emerging Economies

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This book explains how and why insolvency law in emerging economies needs to be reinvented. It starts by examining the importance of insolvency law for the promotion of economic growth as well as the similarities and divergences in the design of insolvency law around the world. The central thesis of the book is that insolvency law in emerging economies fails to serve as a catalyst for growth. It is argued that this failure is mainly due to the design of an insolvency legislation that is not tailored to the market and institutional environment generally existing in emerging economies. The book also provides a critical analysis of the design of insolvency law in many advanced economies where the insolvency system has proven to be unattractive for debtors, creditors or both. Therefore, in addition to suggesting a new insolvency framework for emerging economies, this book ultimately invites readers to rethink insolvency law.

PART I. FOUNDATIONS: 1. Insolvency law as a catalyst for growth; PART II. FEATURES AND CHALLENGES OF INSOLVENCY LAW IN EMERGING ECONOMIES: 2. Market and institutional environment in emerging economies; 3. Insolvency systems around the world; PART III. TOWARDS A NEW INSOLVENCY FRAMEWORK IN EMERGING ECONOMIES: 4. Promotion of workouts and hybrid procedures; 5. Rethinking directors' duties in the zone of insolvency in emerging economies; 6. Implementation of a simplified insolvency framework for micro and small enterprises; 7. Tweaking ordinary insolvency proceedings; 8. Favoring the choice of insolvency forum; PART IV. THE FUTURE OF INSOLVENCY LAW: 9. Reinventing insolvency law beyond emerging economies

'Aurelio Gurrea-Martínez provides the most comprehensive analysis to date of insolvency law around the world. He adeptly introduces the reader to the purposes of insolvency law as well the limits of what it can accomplish. He then introduces the reader to his two main themes: 1) the design of insolvency law must be designed with due attention to local institutions and financial markets; and 2) insolvency law properly designed can be a catalyst for economic growth. Professor Gurrea-Martínez compellingly argues that with appropriate attention to these themes, insolvency law can be a transformative force.'

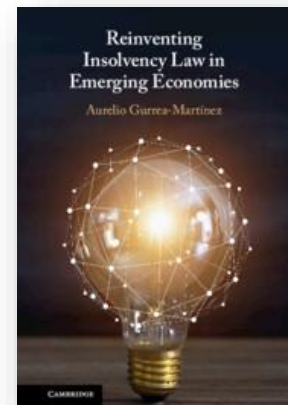
— **Anthony J. Casey**, *Donald M. Ephraim Professor of Law and Economics, The University of Chicago Law School*

'Aurelio Gurrea-Martínez draws upon his extensive knowledge of insolvency regimes globally to show that developing nations have erred by importing regimes from advanced economies without tailoring them to local financial and institutional conditions. He shows the importance of country-specific factors such as the depth of capital markets, the rule of law, and the sophistication of courts. He then creatively identifies ways that insolvency law can be adjusted for developing-economy conditions, such as by giving creditors more power and relaxing rules that stigmatize insolvency. This comprehensive book will surely inspire discussion and reform proposals in jurisdictions around the world.'

— **Richard Squire**, *Professor of Law & Alpin J. Cameron Chair in Law Fordham Law School*

'Although the book focuses on emerging economies, it clearly articulates key aspects of insolvency law that cut across all jurisdictions including the objectives, frameworks and institutions for resolving financial distress, as well as common challenges, such as stigma, costly and inefficient resolution processes. A key message of the book is that the common elements do not justify a "one size fits all" approach as evidenced by the simplistic transplantation of insolvency and restructuring procedures. The book presents key policy considerations for redesigning insolvency systems including considering alternatives to formal resolution processes.'

— **Winifred Tarinyeba Kiryabwire**, *Associate Professor, School of Law, Makerere University, Uganda*



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'Aurelio Gurrea-Martínez has written a tremendously well researched and thoughtful book on the role of insolvency law in emerging economies.

It is a must-read for anyone involved in the insolvency business.

Professor Gurrea-Martínez weaves together very adroitly the role insolvency law plays in driving business behavior in the economic system.

In addition, any executive or director of a company in emerging jurisdictions would be well-placed to read this book.

A true tour de force!

— **James H.M. Sprayregen**, P.C.,
*Partner (Restructuring Group),
Kirkland & Ellis, Chicago and New
York; Adjunct Professor of Finance,
The Wharton School, The University
of Pennsylvania*



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