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DEBT RESTRUCTURING: Principles and Practice

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Release No. 3, July 2026

This work is the authority on reorganization and debt restructuring of insolvent, or near insolvent, commercial and financial institutions, and farmers in Canada. Included is a critical discussion of the history, theory and purpose of the debt restructuring process. Also included are discussions on drafting and an interpretation of the *Bankruptcy and Insolvency Act* (BIA) and the *Companies' Creditors Arrangement Act* (CCAA). Together this provides an in-depth and overall analysis and understanding of what's on the line during the debt restructuring process.

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What's New in this Update

Release No. 3 features updates to the case law and commentary in Chapter 8 (Proposals Under the Bankruptcy and Insolvency Act) and Chapter 9 (Arrangements Under the Companies' Creditors Arrangement Act).

Highlights

• **CHAPTER 8—PROPOSALS UNDER THE BANKRUPTCY AND INSOLVENCY ACT and CHAPTER 9—ARRANGEMENTS UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT—**In *Propostition de SRTX inc.*, 2026 CarswellQue 2962, EYB 2026-587235, 2026 QCCS 570 (C.S. Que.), the Court set out criteria for judicial approval of a pre-packaged sale or "prepack" in BIA proposal proceedings, including: (i) a prepack must not be used for an ulterior or improper purpose; (ii) a prepack imposes a heighted obligation of full and frank disclosure on the party seeking approval; (iii) the trustee must provide a detailed report addressing key aspects of the prepack; (iv) the parties seeking approval of a prepack bear the burden of demonstrating that a broad level of support has been obtained from a variety of stakeholders; the expedited approval of a prepack must be justified by genuine urgency.