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Managing Editor, Norton Journal of Bankruptcy Law and Practice, Thomson Reuters, 50 Broad Street East, Rochester, NY 14694, (800) 327-2665, ext. 2679, fax (585) 258-3774, kathryn.copeland@thomsonreuters.com.

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Turnaround Legislation for Small Businesses

Luke A. Barefoot, Andrea Harris, Rosa M. Rojas Vértiz, and Wesley Rosslyn-Smith

Introduction

This paper will provide a short overview of the turnaround legislation for small businesses in Europe, Australia, United States, Latin America, including Mexico, Chile and Argentina, and South Africa. It describes the existing initiatives and lack thereof in each jurisdiction.

Europe

Current Position

- Restructuring regimes of major business centres such as the UK, France and Germany do not differentiate between small / medium / large enterprises
- They are heavily geared towards Court processes with regard to restructuring, which is often not a cost effective for SMEs
- Out of Court procedures are generally terminal (such as VLs) and require shareholder intervention; directors cannot make the decision to place a company into VL but can only make the recommendation to shareholders

Proposed Directive

- The European Parliament and Council has issued Directive 206/0359 on restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures (and amending directive 2012/30EU) ("the Directive")
- Whilst not specifically focused on SMEs, the Directive recognises that investors mention uncertainty over insolvency rules or the risk of lengthy or complex procedures in another country as a main reason for not investing or not entering into a business relationship outside their own country. Therefore, a higher level of harmonisation of the law in this area is essential for a well-functioning single market
- More cross-border risk-sharing, stronger and more liquid capital markets and diversified sources of funding for EU businesses will deepen financial integration, lower costs of obtaining credit, and increase the EU's competitiveness
- Above all, the Directive aims to enhance the rescue culture in the EU

Statistics

- Half of all businesses survive less than 5 years[1]
- 200,000 firms go bankrupt each year (600 per day) resulting in 1.7 million direct job losses
- 1 in 4 are cross-border insolvencies involving debtors and creditors in more than one EU member state
- A significant percentage of firms and related jobs could be saved if preventative procedures existed in all Member States where these businesses have establishments, assets or creditors

Key Features of the Directive

- Three distinct parts:
  - Preventative restructuring frameworks
  - Second chances for entrepreneurs
  - Measures to raise efficiency of restructuring, insolvency and second chance regimes

Timing and Next Steps

- Draft law to be issued by the end of the year for consultation

Australia

Current Position

- In 1983, the Attorney General requested the AU Law Reform Commission to enquire into the law relating to insolvency, having regard to international developments in the UK as identified in the Cork Report, which led to the administration regime being introduced in the UK
- Schemes available in AU at that time were schemes of arrangement and official management, which were costly, time consuming and cumbersome
- The General Insolvency Enquiry was completed in 1988 and is known as the Harmer Report, and subsequently VAs were introduced

Key Features

- The primary purpose Part 5.3A is to provide a flexible and relatively inexpensive procedure pursuant to which a company may obtain a breathing space, so that it can attempt a compromise or arrangement with its creditors aimed at saving the company or the business and maximising the return to creditors
- If successful, the arrangement will be set out in a deed of company arrangement, which binds the company and the creditors
- However, if the attempt fails, the legislation provides for an automatic transition to liquidation
- It is an out of Court process; the debtor is not required to be insolvent at the time of appointment of the VA but directors have

to be satisfied that the company is likely to become insolvent at a future time
- Appointment of VA places a moratorium on actions against the company to provide some breathing space; moratorium does not prevent a secured charge holder to appoint its own receiver within 14 days, and the Receiver and Administrator run in tandem with the Receiver taking control of the charged assets
- VA must be registered with the Australian Securities and Investments Commission to take appointment

Outcomes of a VA process

- The VA has 28 days (or up to 60 days by agreement agreement with creditors) from appointment to hold a creditors' meeting at which the Company's future will be determined, and notice of which must include a preliminary report on the Company's affairs
- Such report will include any proposal of compromise with creditor as proposed by the VA
- Outcomes from the meeting, and recommendation from the VA, is whether or not it is in the best interests of the Company's creditors to:
  - Execute a Deed of Company Arrangement;
  - End the administration; or
  - Wind up the company
- The VA must also send creditors an opinion on whether there are any transactions which might be voidable and which may enable a liquidator to recovery money, property or other benefits

Benefits

- VA regime actively encourages corporate directors in financial difficulties to enter administration voluntarily at an early stage
- Short time frame, relatively inexpensive and interference with creditor rights (particularly secured creditors) is kept to a minimum

United States

- The U.S. Bankruptcy Code includes a modified framework for small businesses, which focuses on expediting the process so that such debtors that can reorganize are able to do so on a reasonable timeline, while debtors that cannot reorganize do not languish in Chapter 11 indefinitely.
  - ○ Under the current framework, a debtor is considered a "small business debtor" if (i) it is engaged in commercial or business activities, (ii) the debtor and each of its debtor affiliates has less than $2,566,050.00 in aggregate non-contingent liquidated secured and unsecured debts at the start of the bankruptcy (excluding debts owed to affiliates or insiders) and (iii) there has either been no

> unsecured creditors' committee appointed or the court has determined that the unsecured creditors' committee is not sufficiently active and representative to provide effective oversight of the debtor.[2]

A "small business case" (*i.e.*, a Chapter 11 case for a "small business debtor") is different than a typical Chapter 11 case in a number of ways, including that the "small business debtor" (i) must make more regular and granular disclosures,[3] (ii) is subject to increased oversight by the U.S. Trustee,[4] (iii) must file a plan within 300 days after the petition date (as compared to other Chapter 11 debtors, where no such deadlines apply).[5] Notably, all of these provisions impose additional requirements on a small business debtor, and do not provide relief from the costs or consequences of a Chapter 11 filing.

In 2014, the American Bankruptcy Institute's Commission to Study the Reform of Chapter 11 published a comprehensive report on suggested areas for Chapter 11 reform. In its report, the Commission determined that Chapter 11 was too expensive and largely ineffective for small and medium-sized enterprises (SMEs) because they faced unique challenges, including that SMEs typically have "less experienced management teams, relatively smaller pools of assets and liabilities, relatively smaller revenue streams, challenges with understanding the nature of their financial issues or the potential tools available to help them address those issues, and vested equity owners who likely either founded the company or help manage the company."[6] Taking into account these unique challenges and empirical evidence regarding the business sizes for which Chapter 11 was least effective, the Commission proposed eliminating the existing framework, and replacing it with one that was more responsive to the unique challenges faced by SMEs (the "Proposed SME Framework"). The Proposed SME Framework included (but was not limited to) the following concepts:

- Debtors (i) with less than $10 million in assets *or* liabilities on a consolidated basis with any debtor and nondebtor affiliates and (ii) that do not (nor do any of their debtor affiliates) have any publicly traded securities, would fall under the Proposed SME Framework, though creditors or other parties in interest could object to the designation.
- Debtors satisfying prong (ii) above and with $10-$50 million in assets *or* liabilities (on a consolidated basis with any debtor and nondebtor affiliates) could petition the court to be treated as SMEs, which petition would be subject to objection and evaluated on a standard of whether doing so would be in the "best interest of the estate".
- Instead of a hard deadline for the filing of a plan, within 60 days of the petition date, the debtor must file a proposed timeline for filing and solicitation of its plan of reorganization.
- Standards for plan cramdown on unsecured creditors should be

modified to include an exception to the absolute priority rule (*i.e.*, that equity cannot recover unless debts are paid in full or creditors consent) that allows prepetition equity holders to retain ownership where (i) such equity holders continue their role with the debtor post-confirmation, (ii) unsecured creditors are given certain economic upside and transactional consent rights, as well as preferred stock that converts into 85% of common stock if their prepetition claims have not been repaid in full 4 years after the plan effective date.

Unfortunately, there is not currently any legislation pending to address needed reforms to improve the efficacy of the Chapter 11 process for SMEs.

Latin America

Most of the enterprises that operate in Latin America may be classified as micro, small or medium size enterprises (hereafter "SMEs"). They provide most of the jobs in the region, and therefore, over at least the past three decades, countries have implemented systems to identify them, identify their problems and implement measures to help them overcome those problems. Most systems classify SMEs attending to the number of employees or the amount of annual sales.

Mexico

Specifically, Mexico uses a combination of both systems to classify SMEs. On 1985 the Ministry of Economy classified SMEs only attending to the number of employees:

Micro enterprise	Up to 10 employees
Small enterprise	11 — 50 employees
Medium enterprise	51 – 250 employees

Censos económicos 2014. Micro, pequeña, mediana y gran empresa. Available at: http://www.beta.inegi.org.mx/contenidos/proyectos/ce/2014/doc/minimonografias/m_pymes_ce2014.pdf.

Enterprises with more than 250 employees were considered big enterprises.

However, recently such system has been amended and further enhanced on 2002 and 2009.[7] Today, SMEs are classified attending to a combination of the number of employees and their annual sales, which varies according to their main ordinary course of business, as follows:

Size	Course of business	Number of employees	Annual Sales[8]	Combined Maximum cap[9]
Micro	All	Up to 10	Up to US$200M	4.6

Size	Course of business	Number of employees	Annual Sales[8]	Combined Maximum cap[9]
Small	Trade	11–30	US$200M-US$5MM	93
	Industry and Services	11–50	US$200M-US$5MM	95
Medium	Trade	31–100	US$5MM-US$12.5MM	235
	Services	51–100	US$5MM-US$12.5MM	235
	Industry	51–250	US$5MM-US$12.5MM	250

According to the last economic census made on 2014 by the National Institute of Statistics and Geography (hereafter "INEGI"), there were 5'654,014 businesses in Mexico.[10] Attending only to the number of employees, these businesses were classified as follows by INEGI:

Micro enterprises	94.3%
Small enterprises	4.7%
Medium size enterprises	0.8%
Big enterprises	0.2%

According to the information published by INEGI, SMEs generate 74% of employments, but only contribute with 35.9% to the gross domestic product. In contrast, big enterprises generate 26% of employments but contribute with 64% of the gross domestic product. There is a tendency to increase productivity in SMEs and to decrease productivity in big enterprises, but change is taking place very slowly.[11]

Another interesting finding is that, in average, only 16.2% of business have access to financing from financial entities (not from owners or partners), being medium size enterprises the type of business that use more credit. According to the report, 34.9% medium size enterprises reported having used credit. In contrast, only 31.9% of big enterprises, 15.6% of micro enterprises and 26.4% of small enterprises used credit.[12]

Finally, the age of enterprises increases in the same proportion as the size of the companies. It is good news that approximately one third of micro enterprises survive for more than 10 years. This is the case for approximately 50% of small enterprises, over 60% of medium size enterprises and approximately 70% of big enterprises. The following chart shows the percentages obtained by the census:[13]

	Micros		Small		Medium		Big	
Years old	Services	Manufacturing	Services	Manufacturing	Services	Manufacturing	Services	Manufacturing
0–2	31.5%	22.9%	12.9%	13.1%	7.5%	7.1%	4.5%	4.1%
3–5	15.9%	13.3%	16%	13.1%	12.2%	8.3%	7.8%	5.2%
6–10	23.3%	23.3%	23.2%	21.2%	21.1%	16.3%	19.8%	15.2%
+ 10	29.3%	40.5%	47.9%	52.7%	59.2%	68.3%	67.9%	75.5%

As previously said, countries in the region classify micro, small and medium enterprises attending to the number of employees or the amount of annual sales. However, there are no standardized amounts. Sale amounts to be considered a SME may vary greatly among countries. However, it is a fact that most countries have similar percentages of micro, small and medium size enterprises. A study made in Peru in 2015 showed that 94.92% of the countries' enterprises were considered micro, 4.11% were considered small enterprises, and only 0.60% were considered medium and big size enterprises.[14] Another study provides that SMEs represent 99.6% of the Peruvian business community, employ 75.9% of the people and are responsible for 42% of the GDP.[15]

Insolvency Legislation

There is no special regime for the insolvency of SMEs in Mexico. The Law of Business Reorganization (*Ley de Concursos Mercantiles,* hereafter "LCM") applies to all business companies. Even individuals that trade in their ordinary course of business may submit. However, small businesses may only submit voluntarily. This is, creditors cannot force small businesses to file for the reorganization proceeding. According to the LCM, small businesses are companies or merchants with overdue binding obligations that do not exceed 400,000 UDIS. This is equivalent to approximately $2'400,000 pesos and US$120,000 Dollars.[16]

The Federal Institute of Experts on Business Reorganizations (hereafter "IFECOM") carries records on the business reorganization proceedings that are heard within Mexico. Numbers are dreary. Since May 2000 up to July 30, 2018 only 723 cases have been admitted in the whole country. 3% of those have been filed by individual merchants. Since 2016 IFECOM has a system that records several data of every case that is filed. Among other matters, it records the total indebtedness of debtors, but not the number of employees or the annual sales the business in question used to have. Therefore, information does not properly match with the items implemented to identify SMEs. Even though such inconsistency reduces certainty as to the exact number of cases that may involve SMEs, the information available allows a preliminary conclusion: *No micro enterprises submit to the law.* The lowest amount of debt registered for a case from 2016 on is of 1 million UDIS, equal to approximately $6 million pesos and US$300,000 dollars.[17]

The registries carried by IFECOM contain information of 55 cases from

2016 to July 2018. The total debt registered for each of those cases breaks down as follows:

# of cases	Total Debt ranking in millions		
	UDIS	**Pesos**	**Dollars**
28	1–17	$6–$102	US$.3 – US$ 5
8	20–35	$120–$210	US$6 — US$10
19	50-8,000	$300–$48,000	US$15 — US$2,400

Most countries in Latin American do not have a special regime for SMEs. However, Chile and Argentina do have certain provisions addressed to help SMEs deal with their insolvency.

Chile

Chile has approved a special law (Law N.° 20.416) addressed to provide SMEs with the help of a qualified professional that affords technical advice to deal with their insolvency and to determine the steps to be followed. It has also introduced into the regular liquidation proceeding a special sale proceeding applicable for SMEs.

If the company that is declared bankrupt qualifies as a SME, then it has access to an expedite proceeding for the sale of the company's assets. The liquidator must prepare the terms and conditions for the sale, file them with the court and publish them in the official gazette. The parties have only 2 days to object conditions, which are solved in a hearing to be held within the 5 following days. Any challenge must be made and solved in the hearing. After distribution of the sale proceeds to creditors, unpaid existing obligations are discharged with few exceptions.[18]

In addition to such special sale proceeding in liquidation, Law N.° 20.416 regulates a mechanism to advise SMEs facing financial difficulties. A company that qualifies as a SME may apply if it cannot pay 1 or more overdue obligations, or if it considers that it will default obligations within the following 3 months. In such event the SME must file a petition with a professional registered with the Ministry of Insolvency of Chile. For admittance, the SME must generally prove its volume of sales, attach its incorporation documents and disclose its number of employees. The SME may attach proofs of insolvency, but an affidavit may be sufficient. If the requirements are fulfilled, the professional must issue a certificate that is filed with the Ministry of Insolvency that will trigger a stay for 90 days. The professional may call the debtor and creditors for meetings, and take any steps he/she deems required for a reorganization. Any agreements must be signed within the 90 day term and only bind the parties that execute them. There is no cramdown. The professional's fees are agreed with the debtor; however, there is a cap of 100 UF, equal to 2'723,491 chilean pesos[19] and US$4,077.08 dollars. If the professional was assigned by the government, the government pays up to 75% of such amount.

Argentina

Argentina has incorporated into the regular insolvency law a small chapter applicable to *small* reorganizations or bankruptcies.[20] Although the reform does not expressly say it is addressed to SMEs, SMEs may qualify for such simplified proceeding. Whoever meets any of the following requirements may submit to the simplified proceeding: (a) total indebtedness that does not exceed 300 minimum wages[21] (approximately US$100,000 dollars), (b) no more than 20 unsecured creditors, or (c) no more than 20 employees. The proceeding essentially lessens the requirements applicable to big companies as follows: it does not require audited financial statements or audited lists of creditors, creditors' committees are optional, the proceeding to submit a reorganization proposal is simplified, and in the event the parties enter into a reorganization agreement the receiver shall remain in place to surveille fulfillment thereof. The receiver's fees shall equal 1% of amounts paid to creditors.

Challenges

In most Latin American countries micro and small companies do not submit to formal insolvency proceedings because most countries have only one formal insolvency proceeding with the following features: (a) expensive, b) court-driven, (c) too complex (many stages), and (d) with too many formalities.

As an example, although in Mexico there are no court fees, upon filing a business reorganization proceeding companies must pay the fees of 2 or 3 different experts that must be appointed pursuant to the law: an examiner, a conciliator and a trustee or receiver. In addition, companies must pay lawyers' fees, and may need to pay counsel of other experts, such as accountants, business analysts or financial experts. Also, court proceedings are complex and require fulfillment of too many formalities, what makes proceedings too lengthy and costly.

Other problems that SMEs face in Latin America are informality and no access to financing. Many micro or small enterprises are not legally incorporated, so they lack a chart of incorporation and by-laws, financial statements, and accounting records. Some of them do not even pay taxes. Additionally, some countries impose a minimum threshold to file a petition, which many SMEs do not reach. Moreover, access to financing is essential in a reorganization proceeding, and if SMEs have difficulties to have access to financing when they are *solvent* it becomes practically impossible to obtain it during insolvency as they cannot demonstrate their creditworthiness or production capacity and frequently cannot offer collateral. The foregoing causes that the very few loans to which they may have access are granted at very high interest rates. Another difficulty to deal with in a reorganization.

Finally, for all the foregoing reasons access to courts by SMEs is very limited. According to a study made in Peru only 15% of small and medium enterprises and 9% of micro enterprises use courts.[22]

Required Reforms

The foregoing shows that one size insolvency regimes do not work for SMEs, which represent over 90% of the total enterprises in Latin America. Therefore, a special system must be approved to facilitate SMEs access to a reorganization. A proposal for reform could take into consideration some of the following features:

- To the extent possible, not to have court involvement. Proceedings should be driven by a mediator or a conciliator. The latter would be preferable, as conciliators not only try to get the parties reach an agreement, but may also make proposals and have a more active participation.
- A combination of a public/private system would be ideal in order that SMEs may choose if they want to work with a private conciliator and agree on the corresponding fees, but the system should also have public conciliators -ascribed to courts- who should be in charge of proceedings involving micro SMEs. The law should define the parameters micro SMEs should meet in order to have access to the public conciliator. Access may depend on the level of indebtedness, the number of creditors or employees, or available assets.
- For filing, SMEs should only be required to file a petition disclosing their financial information, and a list of their creditors and their claims specifying amounts, priorities and email addresses. The manager or partner in charge of the SME should attach an affidavit. To the extent possible, SMEs should attach proof of the claims.
- A public electronic registry should be implemented by the corresponding insolvency authority in order to publish relevant information of the petitions that have been filed. Such system should assist all creditors that could be affected to be notified of the filings in order to appear to the proceeding.
- The proceeding must be short and simple. Ideally, it should not last more than 90 days, and provide a stay during such period. Upon filing, the conciliator should notify creditors and give them a short period to request acknowledgement of their claims, to file proofs of their claims and to prove against the information contained in the filing. Within the following 15 days the conciliator should draft a restructuring agreement and call for a creditors' meeting. Creditors that do not go to the meeting should be deemed in agreement with the proposal. The conciliator may change the proposal during the meeting in accordance with the parties' comments, and may call to as many meetings as may be necessary to arrive to an agreement. If creditors representing more than 50% of the total indebtedness agree on a proposal, the agreement should be binding to all creditors. Secured creditors must go to the meetings and vote the proposals. The agreement should not bind secured creditors only if they vote against it. Indebtedness not comprised in the restructuring agreement should be discharged. If the parties do not execute the restructuring agreement within the term set

fort for the restructuring stage, then automatic bankruptcy should take place and the conciliator should be in charge of selling the enterprise, either as an on-going concern or separately following a special and expedite process.

- It is suggested that only one practitioner is involved during the entire proceeding to avoid duplication of roles and increase of expenses.
- The conciliator should be notified of any default that takes place in connection with the restructuring agreement. The conciliator should have the opportunity to review the situation and to decide if a revision to the agreement should be made. Any revision should require the favorable vote of creditors representing more than 50% of the total indebtedness. If no agreement is reached in the first creditors' meeting automatic bankruptcy should take place. A cap should be set for the conciliators' fees in this stage.
- If the SME fulfills the agreement -which should have a limited time period- it should be certified as such and appear in a special registry to facilitate access to financing in the future.

South Africa

In South Africa, although attention has been paid to the development and support of small businesses, similar considerations have not been observed with regard to the insolvency side of small business concerns. No comprehensive and focused process of dealing with financially distressed small businesses exists in the South African insolvency framework. Surprisingly though, the introduction of the new business rescue procedure in the Companies Act of 2008 was intended to serve as a formal turnaround procedure for a multitude of company sizes, including SMEs. The procedure makes use of a number of modern reorganisation features that aim to reduce the cost and allow for nimbler and faster turnaround of financially distressed businesses. The objective of business rescue is to facilitate the rehabilitation of a company that is financially distressed by providing for:

i. the temporary supervision of the company, and of the management of its affairs, business and property;
ii. a temporary moratorium on the rights of claimants against the company or in respect of property in its possession; and
iii. the development and implementation, if approved, of a plan to rescue the company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the company continuing in existence on a solvent basis or, if it is not possible for the company to so continue in existence, results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company;

The process makes use of a practitioner-in-possession system that requires limited court involvement. Therefore, it relies primarily on self-regulating features to lower the running costs of the formal rehabilitation process. This is beneficial to SMEs as most often court involvement raises the cost of

rescue and therefore making non-viable for small business. The main advantage for SMEs of a business rescue is the provision of moratoriums in both legal proceedings and in contract; these moratoriums are useful in that they allow the business rescue practitioner to focus on rescuing the company by developing a proposal and implementing turnaround strategies, without having to be disturbed about impending legal actions, and possible liquidation proceedings. The reality, however, is that business rescue procedures are often dragged into court thereby prolonging the process and increasing costs. The industry has also been plagued by practitioner abuse and high practitioner fees.

Business rescue has the potential to serve as a useful corporate reorganisation procedure for SMEs in financial distress. This can be achieved through some much needed fine-tuning of the legislation — a time-consuming, but necessary exercise for the legislature to implement. Particularly advantageous to SMEs would be the tweaking of the compromise provisions of section 155 to provide for automatic moratoriums. Such modifications would be useful in providing SMEs with an appropriate reorganisation strategy that would be more useful to them than the formalised business rescue proceedings outlined in Chapter 6 of the Companies Act 2008.

NOTES:

[1]According to Flash Eurobarometer 354 (2012), which also showed that 43% of Europeans would not start a business because of the fear of failure (p. 72).

[2]*See* 11 U.S.C.A. § 101(51D)(A). The dollar threshold for the designation of a small business debtor is periodically increased.

[3]*See* 11 U.S.C.A. §§ 308, 1116.

[4]*See* 28 U.S.C.A. § 586(a)(7).

[5]*See* 11 U.S.C.A. § 1121(e)(2).

[6]ABI Commission Report at 285.

[7]*Diario Oficial de la Federación. ACUERDO por el que se establece la estratificación de las micro, pequeñas y medianas empresas.* June 30, 2009. Available at: http://dof.gob.mx/nota_detalle.php?codigo=5096849&fecha=30/06/2009.

[8]Approximate amount in US Dollars. Obtained with a rate exchange of 20 pesos per 1 US Dollar.

[9]Combined Maximum Cap = (Employees) × 10% + (Annual Sales) x 90%

[10]*Censos Económicos 2014. Resultados Definitivos Julio de 2015.* Available at: http://www.beta.inegi.org.mx/contenidos/proyectos/ce/2014/doc/pprd_ce2014.pdf.

[11]Ibídem.

[12]Ibídem.

[13]*Censos económicos 2014. Micro, pequeña, mediana y gran empresa.* Available at: http://www.beta.inegi.org.mx/contenidos/proyectos/ce/2014/doc/minimonografias/m_pymes_ce2014.pdf.

[14]VERA-PORTOCARRERO, A. L. (2016). Derecho PUCP. Revista de la Facultad de Derecho. La implementación de un régimen especial de insolvencia para las Mype.

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[15]Guerrero Alvaro, Henderson, K., Inter-American Development, Washington, D.C., Sustainable Development Department Best Practices Series, *The Cost of Resolving Small-Business Conflicts The Case of Peru*, p. 21. Retrieved from http://www.ciaonet.org/record/12536?search=1

[16]Article 5 of Law of Business Reorganizations (Ley de Concursos Mercantiles). Figures have been obtained with a value of $6 Mexican pesos for 1 Udi, and $20 Mexican pesos for US$1 dollar.

[17]Meeting held on July 30, 2018 with members of IFECOM. The information was obtained by doing a search through the system during the meeting. IFECOM has not reviewed or made studies on such information. Therefore, figures are approximate.

[18]Articles 109, 203 and 204 of Law 20.720.

[19]Value of Unidad de Fomento determined on August 16, 2018. See http://calculadora-uf.cl and exchange rate of 668 chilean pesos per 1 US Dollar. See https://www.valor-dolar.cl

[20]Articles 288 and 289.

[21]The mínimum wage as from July 2018 is 10,000 (monthly). See: https://www.portaldeltrabajador.com.ar/salario-minimo-vital-y-movil Moreover, on August 17, 2018, US$1.00 dollar equals $29.81 Argentinian pesos. See: https://themoneyconverter.com/ES/USD/ARS.aspx

[22]Guerrero Alvaro, Henderson, K., Inter-American Development, Washington, D.C., Sustainable Development Department Best Practices Series. *The Cost of Resolving Small-Business Conflicts The Case of Peru*, p. 11. Retrieved from http://www.ciaonet.org/record/12536?search=1