

# Towards A Sovereign Debt Restructuring Framework

Ad Hoc Committee on Sovereign Debt Restructuring Processes

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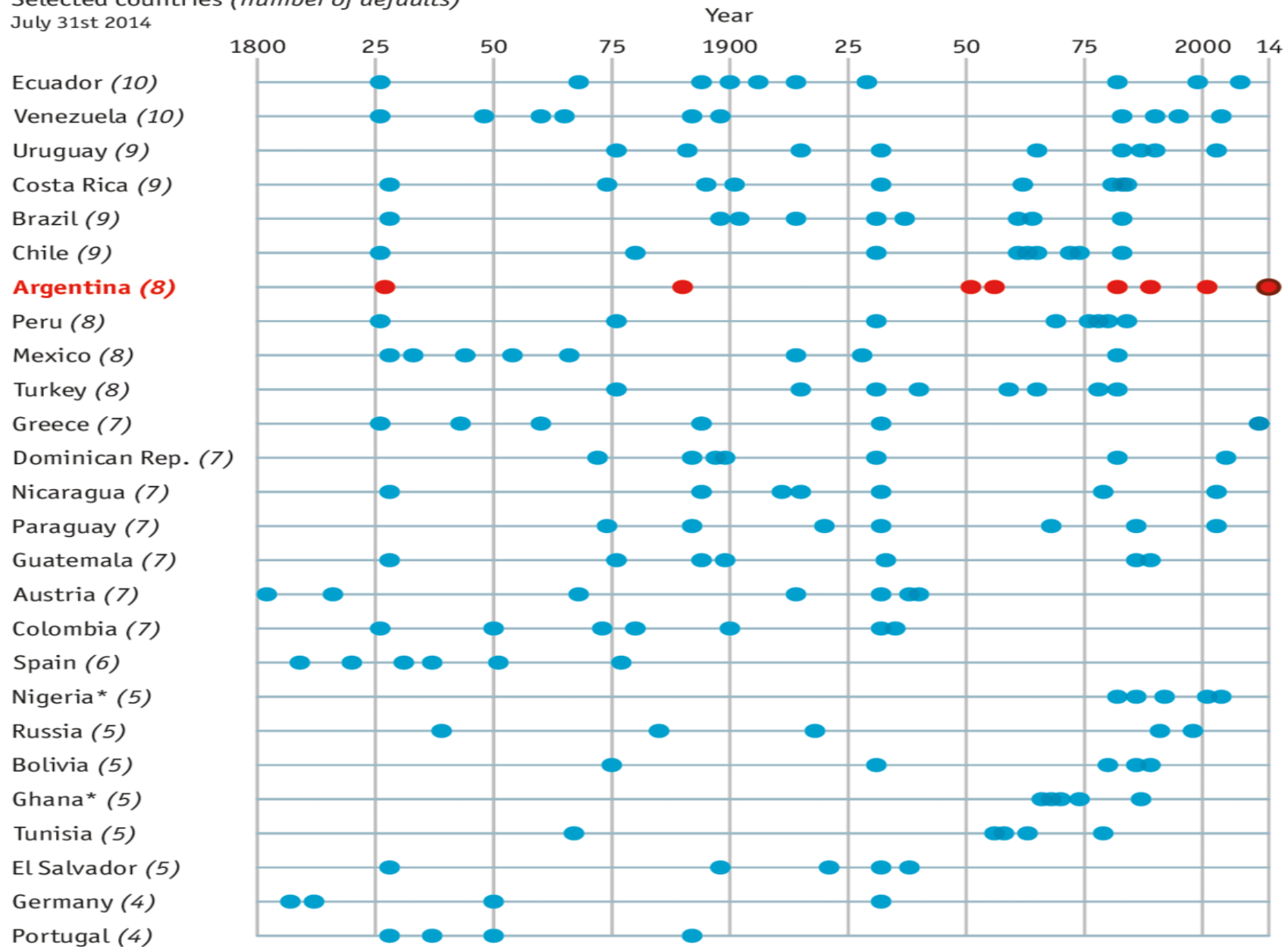
# Catalysts

- History of Restructurings
- Argentine Cases
- UN Vote

## External sovereign defaults since 1800

Selected countries (number of defaults)

July 31st 2014



Source: Carmen Reinhart and Kenneth Rogoff

\* Data from 1960

# Key Questions

- Private vs. Statutory Framework vs. Hybrid Solutions?
- How does this relate to IMF role and politics?
- How would a Framework affect sovereignty?
- Why would US/UK support a Framework?
- Would the Framework be Perceived as Fair?

# PROPOSED FRAMEWORK

- Identify Problems We Can Solve and Those We Cannot
- Deficiencies of Status Quo
- Proposed Framework's Features

# IDENTIFY PROBLEMS WE CAN SOLVE AND THOSE WE CANNOT

- Coordination of restructurings
- Speed of restructurings
- Efficiency of restructurings
- Process and predictability of restructurings
- Moral Hazard
- Politics

# DEFICIENCIES OF STATUS QUO

- Hold Outs
- New Funding
- No Forum
- No Systemic Defense

# PROPOSED FRAMEWORK'S FEATURES

- Consensual
- Open to all relevant parties including IMF
- Rules and Procedures for Restructuring
- Substantive law applied only with consent
- Impartial, independent expert SDR facilitators/decision-makers.
- Facilitates addressing contagion, sustainability and debt service.
- Creditors' Committees possible
- Procedure, not Enforcement
- Support of Private Market



# CONCLUDING COMMENTS

- International Bankruptcy Court: Challenges
- Front End
- Consensus Building

