**The R3 Standard Form Covid 19 CVA Proposal and accompanying Covid 19 Standard Conditions for Company Voluntary Arrangements are intended for use by SME companies whose businesses have been affected by Covid 19.  They are intended to save time and costs, and therefore make CVAs more accessible to the SME market.**

**Advice for members of the public**

Company Voluntary Arrangements ("**CVAs**") are a rescue process contained in the Insolvency Act 1986 ("Act").  They are the only consensual restructuring process contained in the Act.  As a basic summary, CVAs enable debtor companies to propose a way forward with their unsecured creditors, and if 75% or more by value of those creditors agree, the solution can bind a dissenting 25%.  As an additional protection, the CVA is not approved if more than half of the company's unconnected creditors vote against it.  (The terms of a proposal cannot bind a secured creditor unless it expressly agrees, and there are also protections for preferential creditors.)  Usually the terms of a CVA allow the debtor company to pay a smaller sum in full and final satisfaction of its debts (a 'debt composition'), but their terms can be virtually anything.

If your company is considering whether or not a CVA is appropriate, you should speak to a licenced insolvency practitioner.  A list of R3 members and licenced insolvency practitioners can be found [here](https://www.r3.org.uk/about-r3-insolvency-restructuring/find-insolvency-advice/).

**Advice for insolvency practitioners**

The Standard Form is **NOT** a panacea.  The introduction of the Standard Form is not intended to replace the professional advice and judgement of insolvency practitioners and lawyers who may be advising companies, but simply form part of their arsenal of available tools to assist their clients.  At best, this should be considered a foundation upon which the appropriate CVA can be based.

R3 kindly ask members and professionals to familiarise themselves with the explanatory note before reading the Standard Form and Standard Conditions. You may also wish to listen to episode 4 of The R3 Podcast, which can be found [here](https://www.r3.org.uk/technical-library/r3-podcast/more/29573/page/1/episode-4-r3-standard-form-covid-19-cva-proposal/).

The creation of the Standard Form and Standard Conditions was orchestrated by [Stewart Perry](https://www.fieldfisher.com/en/people/stewart-perry) and [Professor Peter Walton](https://www.wlv.ac.uk/about-us/our-staff/peter-walton/), both members of R3’s General Technical Committee. Any errors that the documents may contain are R3s (and in that regard R3 refers you to the disclaimer), but they were also fortunate to have the assistance and constructive criticism of others in reviewing clauses or parts, all giving up their time for free, in an effort to help the profession and respective clients. In this regard we would especially like to thank Anna Hughes, Ben Luxford, Brian Burke, Caroline Sumner, Charles Turner, Fiona Miller, Gareth Limb, Jim James, Louise Durkan, Marcus Rea, Michelle Butler and Stephen Hill.

In order that we can assess its use, if you use the Standard Form and/or the Standard Conditions, we kindly ask that please provide a copy of the Proposal as sent to creditors to R3 by emailing Ben Luxford, R3's Technical Manager, here.

(Scotland version can be found [here](https://www.r3.org.uk/technical-library/scotland/technical-guidance/r3-standard-form-covid-19-cva-proposal/))

(Northern Ireland version can be found [**here**](https://www.r3.org.uk/technical-library/northern-ireland/technical-guidance/r3-standard-form-covid-19-cva-proposal/))

**UPDATE** - LexisPSL have kindly written standard variations to Appendix 2 of the Standard Form for:

**(i) exit from administration and
(ii) debt waiver**

Both live on LexisPSL R&I and are also freely available outside of their paywall on their blog [here](https://www.lexisnexis.co.uk/blog/restructuring-and-insolvency/lexis-psl-announces-variations-to-r3-standard-form-covid-19-cva-proposal-for-administration-exits-debt-waivers)**.**Access to their blog is free once individuals have signed up with their email address etc.

**\*\*Version 2 is to be used for all proposals post 1 January 2021 as paragraph *‘16. EU Regulation’* has been updated to reflect the end of UK’s transition period with the EU. This change is on the assumption that the company proposing the voluntary arrangement is a UK incorporated entity with its COMI in the UK.\*\***

**\*\*\*Version 2, Appenidx 2 has been updated to reflect the changes made to SIP 3.2: Voluntary Arrangements (effective from 1 April 2021)\*\*\***

***Disclaimer - The Standard Form and Standard Conditions are not intended to be statements of law, will not be appropriate for any case until suitably modified, and are not a substitute for professional or legal advice. R3 and its contributing editors believe that both documents are accurate but accept no liability for any fault, error, negligence or omission howsoever caused, or for any loss or damage of any kind resulting from reliance on their contents.***