

interventions designed to influence his operating processes. The CRO needs to understand the agendas of all financial stakeholders.

2. A CRO is normally mandated to consider the interests of all financial stakeholders and to ensure that, in so far as resources enable, the company meets its contractual obligations to stakeholders in accordance with their actual contractual rights as opposed to their presumed or negotiated rights. Restructuring usually requires compromises by shareholders and creditors. However, in banking institutions the importance of depositor protection places additional obligations on the CRO. We recommend that the legislation codify the obligations of the CRO in this regard. Legislation may need to consider the priority of creditors including depositors and, if so, this would require amendments to current insolvency legislation.
3. The Special Resolution Regime needs to be placed into effect before an institution has reached a position of insolvency as defined by English law. For the regime to be brought into operation there needs to be a defined event that triggers the imposition of a CRO. However, an element of judgement should be designed into the process, as any assessment of a failing institution needs to look forward at its prospects as well as its current situation, (which by definition would be solvent), when determining whether a statutory intervention is warranted.

Yours faithfully,

25 April 2008

Dear Sirs,

**Introduction**

I am responding to the consultation of January 2008 on Financial Stability and Depositor Protection: Strengthening the framework.

AlixPartners is the worlds leading firm specialising in the restructuring and turnaround of companies with some seven hundred professionals operating worldwide. Our professionals have been Chief Restructuring Officers at, Inter Alia, Equitable Life, Jarvis plc, MFI plc, Exide and Worldcom.

**The Role of Chief Restructuring Officer**

The Chief Restructuring Officer (CRO) plays a critical role in the rehabilitation of a troubled business, providing crisis leadership and independence of thought from the incumbent management and an impartial interface to the needs of the various stakeholder groups, including creditors, shareholders and regulators. The CRO works for the company and is independent of all stakeholders.

The Special Resolutions Regime proposed in the consultations report envisages the appointment of a restructuring officer, nominated by the Governments.

We wish to make the following observations on this proposal:

1. It is of vital importance that the CRO appointed to a financial institution should have relevant experience of acting in that capacity. Any appointee is likely to be undertaking a high profile and politically sensitive role, but needs to work alongside the incumbent management. The CRO should be isolated from political