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**Subject:** Looking ahead: the epidemiological emergency, crisis solving tools and business support measures

In response to the continued expansion of Covid-19 across the Italian territory, the Government and Public Authorities have been forced to adopt urgent measures and place important limitations on companies to contain and reduce the spread of the virus in the territory.

These measures are having a serious effect on the economy in general, and companies in particular as they face two problems, (i) the loss of revenues either as a result of the Government having suspended their production activities or the lack of components and semi-finished products from suppliers, and (ii) the risk of being excluded from major worldwide supply chains.

What could the proactive entrepreneur do to overcome the crisis situation?

As always, a method is needed and a risk assessment, together with the evaluation of means available for the purpose to limit them as much as possible.

The top priority for the entrepreneur is the health and safety of its workers and third parties into the workplace, which must be protected in every moment of the working day.

Even if out of the purposes of this work, we want to point out that health and safety measures will affect more than ever the need of liquidity the Company has to face in order to cover the fixed costs, operating costs and restart the business.

The Italian government has adopted and is adopting many supporting tools, with focus not only on employment preservation and the ease of tax burden but also with the aim to provide entrepreneurs with the necessary liquidity.

For the purposes of a complete analysis of the financial tools, it is certainly important to access new liquidity as well considering the current instruments provided for by the Bankruptcy Law.

No successful entrepreneur ever wants to hear about bankruptcy procedures, however today we believe such procedures should be considered under a new light, that is, as instruments of relief in a time of difficulty in which entrepreneurs may find themselves through no fault on their part. Today's criticalities, if not properly addressed and managed, could in fact cause an even more significant slowdown for the business in the mid to long term.

In this regard, an opportunity was missed. In fact, in August of this year, the so-called "Crisis Code" should have entered into force, the first and most popular measure was the abolition of the term "bankruptcy" to replace it with the word "judicial liquidation". The aim, also at a communicative level, was to introduce in Italy a typically Anglo-Saxon recovery culture. According to such culture the crisis management should not focus (or, rather, "should not focus only") on the bankrupt entrepreneur with the subsequent social stigma and with the consequent elimination of the company from the market according to accounting/liquidation logics. Rather, according to the new regulation, one should have regard to the reorganization of companies, where the crisis should now be seen as an event, if not

physiological, not entirely pathological, as naturally and statistically inherent in business risk.

It is certainly impossible to say today if the new code would have achieved the ambitious purpose for which it was drawn up. However the current situation would have been the best test of the new standard. It is therefore with some regret that it has been found that it has been preferred to postpone the entry into force of the new regulation and let this crisis be managed under the force of a law of 1942.

The foregoing seems to us to be the correct framework for what constitutes the entrepreneur's assessment of the various measures to support the liquidity of companies introduced with the so-called "Liquidity Decree".

Basically, the decree provides for new loans that the banking system could provide to businesses thanks to the guarantees that will be provided by the State through Sace SpA (for major companies) and the Guarantee fund for SMEs (for companies with up to 499 employees). Measures are also envisaged for export, internationalization and investment support.

The Italian government is working hard to get the whole country to overcome this unpredictable emergency situation and the measures adopted, as well as interventions within the European Union, are commendable.

However, given the urgent nature and the unpredictability of developments, from the epidemiological and from the economic standpoint, every step and action taken so far are improvable.

In principle, the entrepreneur in difficulty needs capital and not additional debt, which could worsen his situation.

This aspect has not been properly considered, with the consequence that the actions so far in place would lead to extra loans and additional interests to be paid by the Company in the years to come.

However, the entrepreneur certainly has a variety of extraordinary support measures and high amounts available.

Given that the banking system is heavily regulated and that the quickly issued rules have not clearly derogated from the credit rules, Is the Italian system able to put into practice, especially in the urgent basis imposed by the crisis, the approved measures?

The creditworthiness inquiries should be performed quickly and should be based on the effective loss of turnover linked to the forced stop of these months, rather than a complex economic and financial investigation; otherwise there is a risk of not receiving liquidity in time.

Moreover there are procedures that must be followed by the guarantors, which do not seem to be excluded from the long bureaucratic procedures that characterize our public administration.

An automatic system based on the entrepreneur's declarations would be desirable, obviously providing for penalties for false declarations. The fact that each entrepreneur chooses the bank or one of the banks with which he usually works as the first interlocutor should already partly remedy even those minimum fact-finding investigations that should in any case be carried out.