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AUSTRALIA

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Government introduces legislation into Parliament to reverse effect of *Sons of Gwalia* decision

The government has introduced a bill into Parliament to give effect to its proposal to reverse the effect of the High Court's decision in *Sons of Gwalia Ltd v Margaretic* [2007] HCA 1.

The Corporations Amendment (Sons of Gwalia) Bill 2010 will amend the *Corporations Act 2001* to restore the previously understood order of claims in the event of a corporate winding up in which shareholders' claims were subordinated. The High Court's judgment, however, aligned the claims of certain shareholders with other unsecured creditors.

The bill will remove the right of persons bringing claims about shareholdings to:

- vote as creditors in a voluntary administration or winding up, in the absence of special permission from a court or
- receive reports to creditors, unless they apply in writing to the external administrator.

The bill also makes procedural changes regarding notices to creditors and shareholder voting and also clarifies the position of shareholders bringing claims for damages against companies.