

The Impact of COVID-19 on Financial Contracts

“The current market volatility arising from the restrictions imposed to reduce the risk of spread of COVID-19 has led many market participants to consider their position under existing contractual relationships, including, assessing their own obligations and whether any potential or actual event of default has occurred in respect of their counterparty. This memo illustrates practical issues to be taken into account by a counterparty to a financial contract in making these considerations using, as an example, a derivative transaction,” discussed in Cadwalader’s ***Resources***.

“The impact of COVID-19 has led to unprecedented measures being put in place in many jurisdictions around the world which have, or may in the future have, the effect of closing markets in a variety of locations. These closures, and the location of the markets which are subject to closure, will need to be carefully considered to determine their impact on a party’s position under a financial contract.”

Read the article.