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What PE Practitioners Need to Know About New Del. ABC Act

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Evelyn Meltzer, a partner in Troutman Pepper Locke's Private Equity Practice Group, was published "What PE Practitioners Need to Know About New Del. ABC Act" in *Law360* on July 17, 2026.

> On June 10, Delaware Gov. Matt Meyer signed S.B. 267 into law, replacing the state's antiquated 1875 Assignment for the Benefit of Creditors statute, or ABC, with a modern, comprehensive framework codified at Title 10, Chapter 73 of the Delaware Code, Sections 7301A -7324A.
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> The new statute adopts the Uniform Assignment for Benefit of Creditors Act — with Delaware-specific enhancements — and makes Delaware the sixth state to adopt the Uniform Act, positioning the state as a leading jurisdiction for controlled, private liquidation proceedings outside of federal bankruptcy court.
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> This development is particularly significant for private equity sponsors and their portfolio companies. Because most private equity-backed companies are organized in Delaware, the new act provides a streamlined, cost-effective tool for winding down distressed portfolio companies, executing distressed asset acquisitions and managing sponsor liability, all without the expense, delay and public visibility of a Chapter 11 or Chapter 7 proceeding.
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> The adoption of S.B. 267 is a game changer that should make PE sponsors and their portfolio companies reassess the playbook on wind-downs from the outset and to consider a Delaware ABC not as a fallback, but as a first option.

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