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BRIEFING

# Re Argo Blockchain plc: Part 26A Restructuring Plan Sanctioned

20 January 2026

Argo Blockchain plc's (Argo) restructuring plan marks a significant development of the UK's restructuring regime. It is the first UK restructuring plan for a NASDAQ-listed company, the first involving a crypto-mining business, and the first major post-*Petrofac* decision addressing how value created through a restructuring should be allocated, including to shareholders who were entirely out of the money.

Beyond these "firsts" the judgment provides a reminder on class meetings, fairness in cram-down situations, the treatment of retail investors, and the interaction between UK restructuring processes and NASDAQ's listing rules.

## Key takeaways

1. UK restructuring plans used to restructure NASDAQ-listed company and retain the listing
2. No absolute priority rule under English restructuring plans
3. Allocation of the benefits of the restructuring: gifts made by the stakeholder generating the restructuring surplus are allowed to more junior stakeholders, including shareholders
4. Retail Advocate plays a central role in cases involving substantial retail investor participation
5. Quorum requirements at meetings to be adhered to
6. UK restructuring plan remains a flexible and powerful tool, suitable for cross-border, and multi-listed companies

## Key Aspects of the Restructuring Plan

The plan facilitated a rescue of Argo by Growler Mining, avoiding an imminent administration and preserving Argo's critical NASDAQ listing. Growler agreed to inject US$3.5m of new capital, transfer US$18.4m of mining assets, and compromise its secured debt, while Noteholders equitised approximately US$40m of unsecured notes. The resulting equity structure — 87.5% for Growler, 10% for Noteholders, 2.5% for existing shareholders — was supported by a capital reorganisation designed to restore NASDAQ bid-price compliance.

The plan required Argo to delist from the LSE, but this was mitigated by access to a matched-bargain facility and continuing rights for shareholders to convert into NASDAQ-listed ADSs. The overall design ensured that Argo remained a going concern with a viable trading platform.

## Preserving the NASDAQ Listing

A central question was whether the plan triggered mandatory delisting under NASDAQ Rules 5110(a) and 5110(b). It had initially been suggested that the plan might constitute a "comparable foreign bankruptcy" under Rule 5110(b), or a "business combination" under Rule 5110(a).

Argo submitted extensive comparative materials, including expert analysis of UK restructuring processes, and brought UK RP case ***Re Gategroup Guarantee Ltd*** **[2021] BCC 549** to the NASDAQ Listing Panel's attention. Although the UK court in *Gategroup* had characterised a Part 26A plan as a "bankruptcy" for Lugano Convention purposes in order to benefit from an exception in that case, the Panel concluded that the reasoning did not translate to NASDAQ's rules.

The Panel found that for the purposes of the NASDAQ Rules a Part 26A plan is neither a "bankruptcy" nor a "business combination" requiring delisting. In doing so, it confirmed that Argo's restructuring plan was compatible with NASDAQ continued-listing requirements, provided it regained technical compliance by the specified deadline. This is a significant case precedent for UK companies reliant on U.S. capital markets.

## Low Turnout and the Meeting Issue

Turnout at class meetings to vote on the restructuring plan was exceptionally low: only 1.6% of Noteholders and 3.2% of shareholders voted. While low turnout alone does not invalidate a UK plan, the court was careful to consider whether retail investors had been given adequate opportunity to engage. The Retail Advocate appointed to represent the interests of the retail investors (see further below) confirmed that the company's communication had been clear and wide-reaching, and that low turnout was more likely to be a reflection of indifference rather than inability to participate.

However, the Noteholder meeting faced a more fundamental issue: no Noteholder attended (physically or virtually), leaving only the Chair present with proxies. Relying on another English case ***Re Altitude Scaffolding [2006]*** **EWHC 140 Ch,** the court held that a meeting must involve two persons present. Therefore, the proxies given to the Chair in this case did not count as part of the attendance. This meant the Noteholders had to be treated as a dissenting class, triggering the more stringent section 901G cram-down fairness analysis. The judge himself recognised that treating an

approving class (based on the numbers provided by proxy to the Chair) as a dissenting class based on this interpretation of the meeting formalities was counterintuitive and 'verging on Kafka-Esque'. Especially as for cases comprising only one class, there is a different approach. This aspect of the case may trouble practitioners especially given the fact that a Scottish RP case, ***Re Dobbies Garden Centre*** **[2024] CSOH 111**, took a more pragmatic approach. But there's an easy fix in ensuring that there is more than one person in attendance at the creditors' meeting for future cases.

## Fairness and Allocation of the Restructuring Benefit

The fairness analysis is the part of the judgment most likely to be of most interest. The court emphasised that fairness under Part 26A does not follow strict insolvency priority or U.S.-style absolute priority rules. Instead, the question is whether the restructuring surplus—the value created by the plan over the relevant alternative, in this case insolvent administration—has been distributed in a way that fairly reflects the contributions made in creating that surplus.

The evidence showed that Growler generated nearly all the restructuring surplus through new money, valuable asset transfers, and a secured debt compromise with real economic significance. Noteholders contributed only the market value of their deeply underwater notes. Shareholders contributed no financial value at all, being wholly out of the money.

Therefore, on a strict contribution basis, Growler should have received substantially more equity than 87.5%, while Noteholders and shareholders should have received significantly less (or nothing, in the case of shareholders). But Growler agreed to "give up" value and allowed Noteholders and shareholders to receive more than their contributions justified.

The court upheld this as fair, reaffirming — for the first time since *Petrofac* — that the gifting principle remains valid, provided the gift flows from the party responsible for creating the restructuring surplus. Because Growler bore dilution to secure a workable deal and ensure the company's survival, the resulting allocation satisfied the more stringent statutory fairness test required in cram down cases.

## No absolute priority rule in UK restructuring plans

The court addressed the repeated objections from certain U.S.-based Noteholders who argued that, because they sat above shareholders in the capital structure, shareholders should receive no recovery unless creditors were first paid in full — invoking the absolute priority rule familiar in U.S. Chapter 11 practice. The judge rejected that position in unequivocal terms. He confirmed that English restructuring law contains no absolute priority rule, and that Part 26A does not require strict adherence to capital structure seniority. Instead, English law requires the court to assess whether the restructuring surplus — the value created by the plan compared with the relevant alternative — has been fairly allocated having regard to each constituency's contribution to generating that surplus. Because Growler provided the overwhelming majority of the value and was willing to "gift" part of that surplus to junior stakeholders, it was lawful and fair for shareholders to receive 2.5% of the equity even though they were entirely out of the money in administration. The court held that objections

based on U.S. absolute priority concepts were simply not relevant to the English statutory fairness test.

## Role of the Retail Advocate

The Retail Advocate played a pivotal role in filtering and presenting concerns raised by dispersed retail Noteholders and shareholders. The court emphasised that in modern restructuring plans — especially those involving retail-heavy classes — the advocate's role is not merely procedural. They must be able to comment substantively on fairness, enabling the court to understand the retail perspective in a structured, representative way.

## International Recognition and Effectiveness

An expert opinion from Hon. James Peck (former US bankruptcy Judge for the Southern District of New York,) concluded that the UK plan was likely to be recognised either under Chapter 15 of the US Bankruptcy Code or the common law of New York. This was accepted by the UK judge and did not raise any material risks of the UK court acting in vain.

## Judicial Warning on Urgency

While this restructuring plan was conducted in a matter of weeks, the court expressed concern over the "breathless" timetable imposed by the need to satisfy NASDAQ deadlines, warning that the judiciary's willingness to accommodate urgent restructurings "must not be taken for granted or abused." Notwithstanding the necessity in this case, future restructuring cases that are pressed through on compressed timescales can expect significant judicial scrutiny. This approach was already forewarned in earlier cases and is now noted in the Court's Practice Statement on schemes and restructuring plans that came into effect from the start of 2026.

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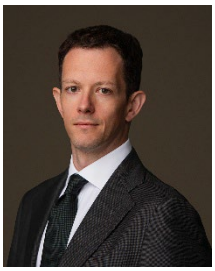

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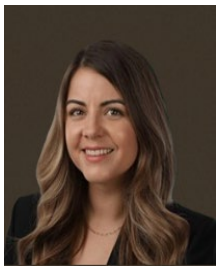

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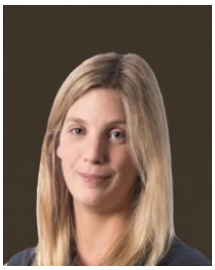

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