

Restructuring deck

A comparison of different European jurisdictions in scope of restructuring law

Accurate as of January 2023



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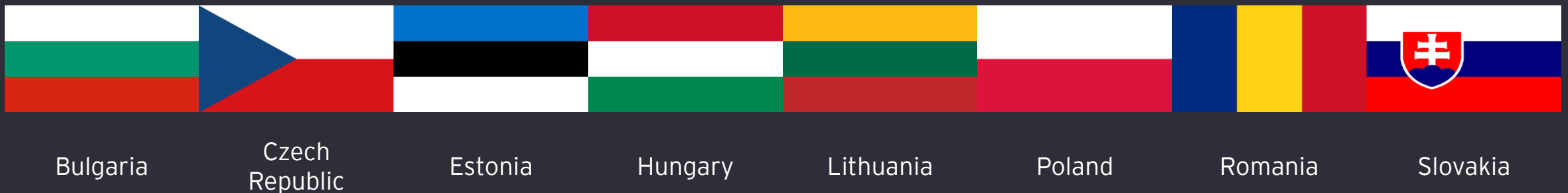
Restructuring deck - what is it?

- ▶ This deck provides a comparison across a number of EU jurisdictions in relation to the implementation of Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019
- ▶ This is a directive on preventative restructuring frameworks on the discharge of debt and disqualifications and on measures to increase the efficiency of restructuring, insolvency and debt discharge procedures concerning (the "Directive")

- ▶ The Restructuring deck should not be treated as a source of comprehensive legal advice, it is rather intended to spur deeper investigation, with confidence that it will shed light on restructuring laws in the respective countries

- ▶ NB: The Directive is yet to be implemented in three of the surveyed countries (Poland, the Czech Republic and Bulgaria). However, the relevant bills have been processed, therefore all answers - including for Poland, the Czech Republic and Bulgaria - are treated as if the bills have already been enacted and come into force

All participants (stated jurisdictions):



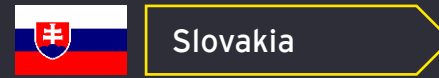
Implementation status



It was partially implemented on 17 July 2022. Certain measures will be implemented on 17 July 2024 and 17 July 2026.



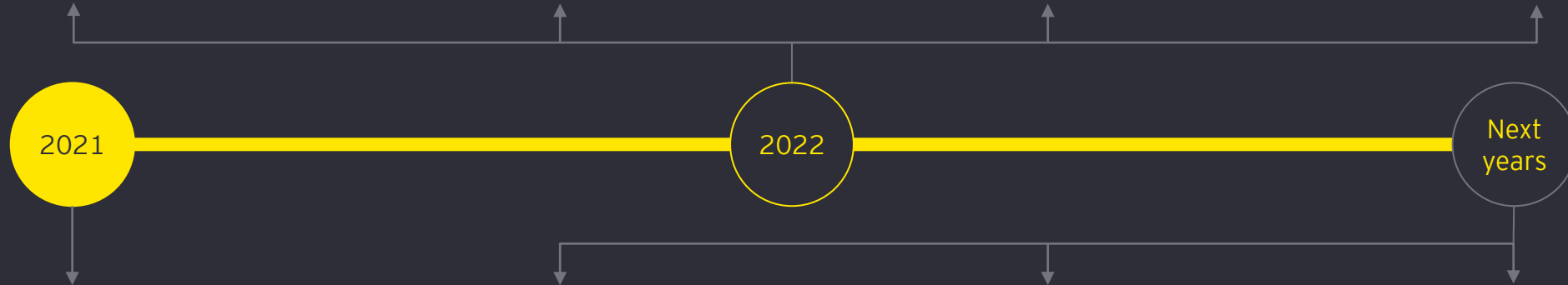
It was implemented on 1 July 2022.



It was implemented on 17 July 2022.



It was implemented on 1 July 2022.



It was implemented on 15 July 2021.



The Directive has not been implemented yet. The draft law has been put forward to the previous National Assembly by the Council of Ministers.



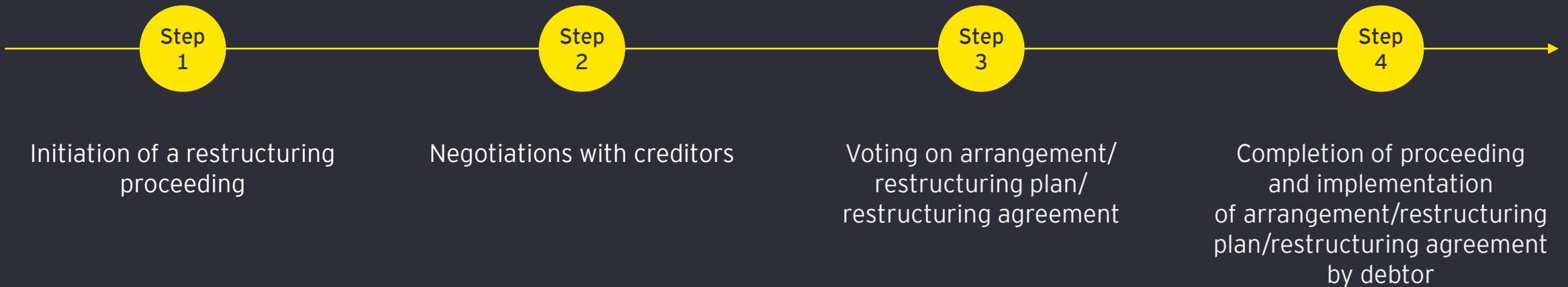
The Directive has not been implemented yet. The draft law has been prepared by the Ministry of Justice and published.



The Directive has not been implemented yet. The draft law has been passed by the Council of Ministers and published.

Formal restructuring: key steps

The key steps of a formal restructuring can vary by jurisdiction or the type of proceeding, similarities remain though. With these similarities in mind, a set of unified key steps of a formal restructuring applying to all the surveyed countries is provided below. The country specifics and the steps are illustrated on the following slides.



Formal restructuring: country specifics

	 Poland	 Bulgaria	 Czech Republic	 Estonia	 Lithuania	 Romania	 Slovakia	 Hungary
May a restructuring proceeding be started when the debtor has already become insolvent or earlier, i.e., where there is a threat of insolvency?	Insolvency or threat of insolvency	Threat of insolvency	Threat of insolvency	Threat of insolvency	Insolvency or threat of insolvency	Insolvency or threat of insolvency	Threat of insolvency	Threat of insolvency
Who can, in general, initiate the restructuring proceeding?	The debtor or in certain cases the creditor	The debtor	The debtor, in certain cases also the creditor or a restructuring practitioner	The debtor or the creditor	The debtor or the creditor	The debtor or the creditor	The debtor	The debtor
Could existing contracts not yet carried out be restructured?	Yes (but only in certain cases)	Yes (but only in certain cases)	Yes (but only in certain cases)	Yes (but only in certain cases)	Yes (but only in certain cases)	No	Yes	No
Is stay of individual enforcement actions (moratorium) automatically granted?	Yes	Yes, with a few exceptions	No, it is granted on request	Yes	Yes	Yes	No, only if temporary protection has been granted	No, it is granted on request
Do creditors providing new financing have higher priority?	Yes	Yes, in general	No	Yes	Yes	Yes	No	No
Is there a pre-pack procedure?	Yes	No, but the enterprise may be sold within the scope of proceedings	Yes	No, but the enterprise may be sold within the scope of proceedings	No, but the enterprise may be sold within the scope of proceedings	No	No, but the enterprise may be sold within the scope of proceedings	No

Sources: Answers given in the questionnaire by the EY teams in all stated jurisdictions.

Formal restructuring: main aspects

Details may differ across the surveyed countries, but there is a general idea common to the jurisdictions.

01

Debtor's possible control of their day-to-day business operations.

02

Higher priority of secured creditors.

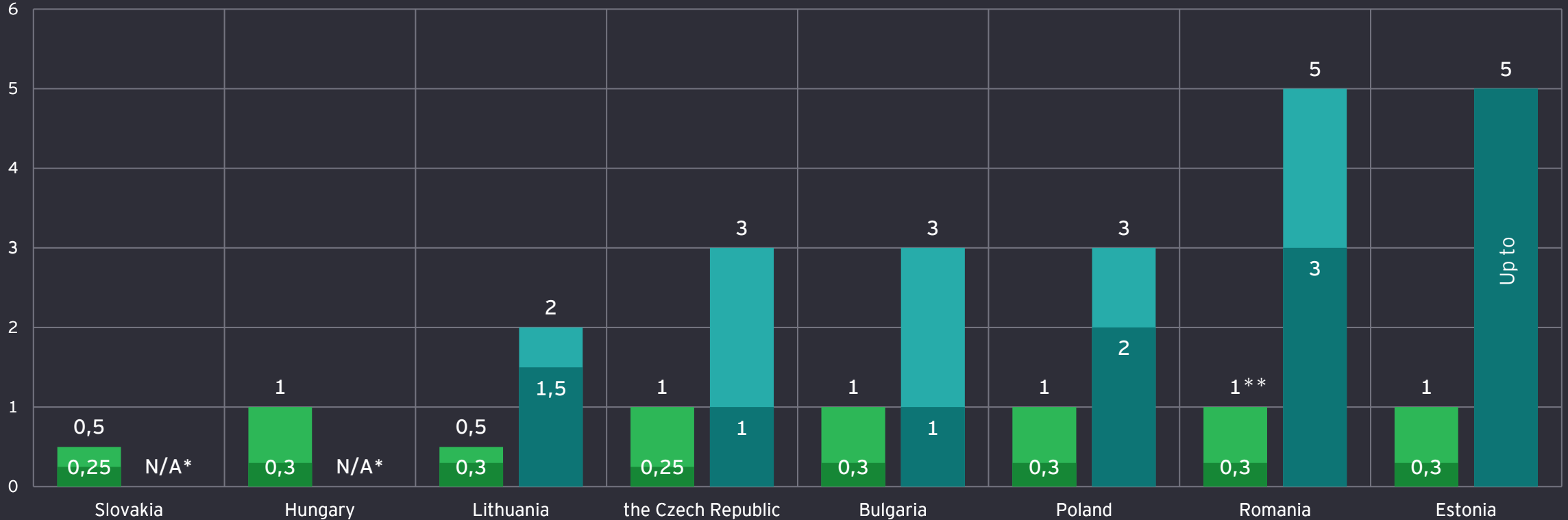
03

Cross-class cram-down procedure.

04

Protection of new financing from being declared ineffective if there is subsequent bankruptcy.

Average length of a restructuring proceeding and stay of individual enforcement actions (moratorium)



■ Moratorium - before approval of restructuring plan (number of years, range from-to)

■ Length of proceeding (in years, range from-to)

* In those cases it was not possible to provide any specific data

** As for insolvency under the judicial reorganization procedure, stay of the enforcement action applies during the entire course of the insolvency process (3-5 years)

Sources: Answers given in the questionnaire by the EY teams in all stated jurisdictions.

Contacts



Ben Trask

EY-Parthenon Turnaround and
Restructuring Strategy Partner

+43 1 21170 1790

ben.trask@parthenon.ey.com



David Koudela

EY-Parthenon Turnaround and
Restructuring Strategy Director

+42 022 533 5394

david.koudela@parthenon.ey.com



Magdalena Kasiaz

Partner,
EY Law Poland

+48 519 404 979

magdalena.kasiaz@pl.ey.com



Piotr Podsiadlo

Manager,
EY Law Poland

+48 513 135 554

piotr.podsiadlo@pl.ey.com

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ED None.

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