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**Latvia:
Amendments to
insolvency law**

Another package of amendments to Latvian Insolvency Law was adopted in the end of last year. It has partially come into force in January this year; however, the largest part of them will come into force on 1 July 2017, and thereafter. Amendments to the Civil Procedure Law affecting insolvency and restructuring proceedings came into force in January, as well.

Legal protection proceedings

An “open market” principle has been introduced with regard to persons who are entitled to supervise restructuring proceedings. Hence, creditors will now be able to decide to appoint any individual to supervise the restructuring proceedings, who should not necessarily be a certified administrator.

The person supervising the restructuring will be paid by the creditors who voted in favour of the restructuring plan, and not by the debtor (as previously).

In case the creditors have submitted objections to the restructuring plan and the debtor does not take them into account (and does not amend the plan, accordingly), then a certified auditor provides an opinion about these objections.

Administrators’ profession

Likewise, the amendments provide changes to the regulation of the administrator’s profession, with the intention to ensure that qualified and honest professionals of their areas enter and stay in the administrators’ profession.

Thus, the Latvian Association of Certified Insolvency Proceedings Administrators has been deprived of rights to certify administrators. Instead, a new procedure has been established for appointing and releasing



insolvency administrators, as well as a procedure to decide on terminating the position. This procedure provides that administrators will be appointed by the director of the Insolvency Administration (a state institution). Therefore, the state will take over the issues, which are related to entering the administrator profession, from the Latvian Association of Certified Insolvency Proceedings Administrators as the professional organisation of administrators.

A precondition for appointment to the administrator’s position (as previously - certification) will be passing of the administrator’s exam. However, now the administrators will have to repeat this exam every two years. The administrator exams will be held by the examination commission appointed by the Minister of Justice. The examination commission will consist of representatives from the Ministry of Justice, Insolvency Administration, academic personnel from universities, association of administrators, judges and an NGO representative. An additional requirement has been imposed on the administrator’s position - impeccable reputation.

The amendments provide for disciplinary responsibility of administrators and persons who supervise restructuring proceedings. Namely, a commission for disciplinary matters has been established which will be entitled to impose disciplinary penalties, including

removal from the administrator’s position.

Insolvency Administration’s powers and transparency of proceedings

The Insolvency Administration will be entitled to visit the administrator’s place of practice or debtor’s (in corporate insolvency) legal address and to inspect documents related to insolvency proceedings.

The Insolvency Administration will also publish data on its website regarding violations committed by administrators and persons supervising restructuring proceedings, results of their activities, length of proceedings and other data that should facilitate transparency.

In addition, creditors will be entitled to claim inspection of administrator’s activities in particular insolvency proceedings by inviting a certified auditor.

Jurisdiction

The amendments to the Civil Procedure Law provide that the insolvency and restructuring cases will be heard by court pursuant to the debtor’s address registered/declared three months before filing for insolvency/restructuring. These amendments have been introduced for the purpose of combatting the practice where a debtor changed its registered or declared address shortly before filing an application to court.



A COMMISSION FOR DISCIPLINARY MATTERS HAS BEEN ESTABLISHED WHICH WILL BE ENTITLED TO IMPOSE DISCIPLINARY PENALTIES

