



RDF/RWM

Recent developments in **bankruptcy** law in Greece

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What's **new** in 2020 for Greece, even in
between the pandemic crisis?

*A New Bankruptcy Law for **Debt Settlement**
and
Second Chance Providence
is approved by the Greek Government
recently ...*

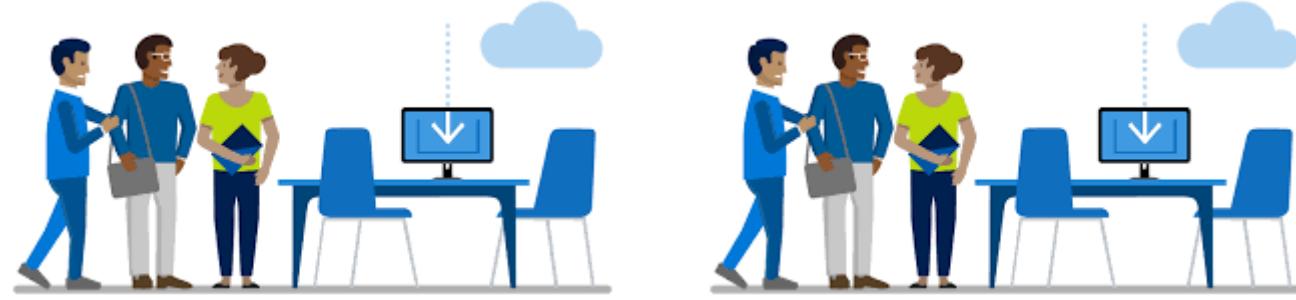
Ministry of Finance **announcements** state that:

This law reforms the framework for dealing with the financial weakness of debtors, through preventive restructuring or collective satisfaction of creditors and debt relief of any person, natural or legal, who undertakes economic activity ...

We believe that the new law could be **much more effective** than the old one and can be a **real tool** to help people or companies that are facing financial problems ...



Details:



The new framework incorporates all procedures aimed at either preventing and avoiding insolvency, or tackling it.

Main features of the new law:

- (a) *simplification* of procedures, as also for their acceleration;
- b) utilization of *digitization methods* with the creation of an electronic Solvency Register
- c) *quickest possible return* of productive means to productive uses
- (d) maintenance of viable businesses through *out-of-court settlement or reorganization*;
- e) provisions for *socially vulnerable groups*.

Among others (1):

Procedures are established for the early warning of citizens in the context of prevention, so as not to lead to a state of insolvency.

*An integrated and automated debt settlement framework is introduced, through an **out-of-court mechanism**, for both individuals and legal entities, so that debtors can retain their property.*

Among others (2):

There is a possibility of a 2nd chance, with fast procedures, by writing off the balance of the debts, after liquidation of the entire property and control of the debtor's assets.

Among others (3):

There are provisions for borrowers belonging to socially vulnerable groups.

The framework of the consolidation process is being modernized to allow companies to successfully restructure their debts and return to productive operation without prejudice to workers' rights.

Among others (4):

*Non-performing loans are provided with a solution, so that banks can make a **decisive contribution** to financing the economy.*

Among others (5):

*An exemption is introduced for the members of the administration of the legal entity that has gone bankrupt, so that they **are not trapped for debts** that belonged to the company.*

*It promotes **financial mediation**, which is the most widespread international out-of-court settlement of private disputes in the financial sector.*

Among others (6):

Technology is utilized, introducing new electronic and automated processes.

Arrangements are being made to improve the institution of insolvency administrators, who are called upon to play a key role in bankruptcy proceedings.



*Thank
you!*