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Restructuring as a chance to mitigate impacts of the economic crisis on business activities

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01

Restructuring as a chance to mitigate results for business activity caused by economic crisis

Two main purposes of the restructuring proceeding are to avoid the debtor's bankruptcy and to enable entrepreneur further functioning in business trading. The second of these aims is due to concluding the arrangement between the entrepreneur and his creditors, which provides the reduction of the current load. As a general rule, in this case the debtor shall take the initiative.

The restructuring proceeding is applicable for insolvent debtors or debtors threatened with insolvency. There are entities which have lost

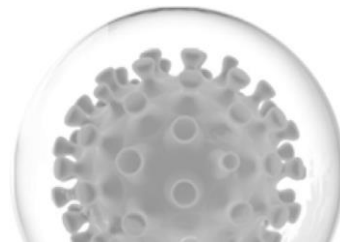
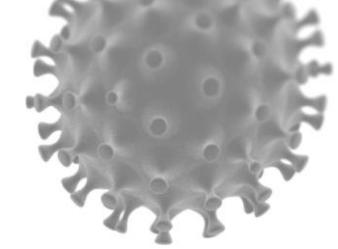
the ability to fulfill due financial obligations (which usually happens when the delay in performing them is of at least 3 months).

02

Types of restructuring proceedings

There are **four types** of restructuring proceedings. They may be distinguished i.a. on the basis of the role of the court in concluding the arrangement, the percentage of disputed claims in the total sum of claims which give the right to vote on the arrangement, the scope of protection and autonomy granted to the debtor.

Considering **lack of obligatory depriving the debtor of management of the assets** (which happens in case of remedial proceeding), **arrangement proceedings** enable the possibility to begin the cooperation with creditors in terms of mitigating results of insolvency caused by the economic crisis.



03

Accelerated arrangement proceeding as a simplified and faster way of achieving the arrangement with creditors

- It allows the debtor to conclude the arrangement after the preparation and approval of table of claims **under a simplified procedure**. The debtor is obliged to present it together with the motion for opening the proceedings and arrangement's suggestions as well as **important documents and accounting data** such as **list of assets and its balance**.
- The court shall examine the request **only on the basis of the documents** attached to the motion. While opening the proceeding, the court appoints the **judge commissioner and the court supervisor**.
- After filing a **restructuring application, table of claims** and **table of disputed claims** the judge-commissioner appoints **a date of voting on the arrangement**.
- The inventory **shall not be submitted**.
- Accelerated arrangement proceeding shall be conducted, if the total sum of disputed claims which give the right to vote on the arrangement **does not exceed the 15%** of total sum of claims which give the right to vote on the arrangement.

04

Arrangement proceeding – termination in case of disputes with key creditors

- It allows the debtor to conclude the arrangement **after the preparation and approval** of the table of claims.
- It demands more careful examination of debtor's financial situation which is estimated after the opening of the proceeding – as a result, **the inventory** shall be submitted.
- In order to protect debtor's assets at the stage of the proceeding of opening the arrangement proceeding, the court is allowed to appoint the **temporary court supervisor**.
- The arrangement proceeding shall be conducted if the total sum of disputed claims which give the right to vote on the arrangement **exceeds 15%** of the total sum of claims which give the right to vote on the arrangement.

