FREDRIK JØRNER
Attorney at Law,
DLA Piper Norway

Norway
Developments in Norwegian International Insolvency Law

As a non-EU member, Norway has never been a part of the European Insolvency Regulation (EIR), and the international elements of Norwegian Insolvency law have arguably been ready for revision for decades.

After Brexit it is highly likely that the EIR will no longer apply to Britain, and Britain will be in a similar situation as EIR outsiders like Norway and Denmark. The question of mutual recognition of bankruptcies between EIR-countries and "outsiders" therefore seems to be a hotter topic after Brexit.

Norwegian Insolvency legislation has, until recently, had only a domestic focus with the only international elements being the incorporation of the Nordic Convention on Bankruptcy from 1933 (!). With The Nordic Convention bankruptcies are fully recognised between the Nordic countries, and the Convention has been an important tool for insolvency practitioners in the Nordic countries since its implementation.

With the exception of our neighbouring countries, Norway has not formally acknowledged foreign insolvency proceedings. On the other hand, Norwegian law does not territorially limit Norwegian insolvency proceedings to Norway. In principle, Norwegian insolvency proceedings assume universal application and are only limited by the possible non-acceptance in other States.

This inconsistency, together with an increasingly international Norwegian industry, seemingly moved the Norwegian Ministry of Justice to initiate work on a new Norwegian International Insolvency legislation in 2009. The new legislation was passed by Parliament in 2016, and is reflected in a new fourth chapter in the Norwegian Bankruptcy law, concerning the recognition of foreign insolvency proceedings in Norway. The law amendment has not entered into force due to technical issues at the Norwegian Company Registry, and the Norwegian Ministry of Justice has recently announced that an exact date for its implementation is not yet determined.

The law amendment entails that Norwegian legal venue rules will be in agreement with the EIR and UNCITRAL model law, for example by introducing the Centre of Main Interest (COMI) as forum clause, and by allowing for secondary insolvency proceedings in Norway.

The main feature of the law amendment is that foreign insolvency proceedings - assuming that they fulfill certain criteria - are immediately and automatically recognised in Norway. The foreign liquidator can notify publicly the main insolvency proceedings in Norway through the Norwegian Company Registry. By a public notification, the liquidator obtains legal protection, can seize assets in Norway directly and can challenge transactions based on the (Norwegian) rules for recovery in Bankruptcy.

However, not all foreign insolvency proceedings will be recognised. The law amendment lays down a condition of reciprocity as its sets out that "*the insolvency proceedings are commended in a State which in accordance with its national law recognises corresponding bankruptcy proceedings commenced in Norway*". Several countries (amongst others Britain) have rules for recognition that do not pose such a requirement.

The preparatory works indicates that insolvency proceedings opened in States having incorporated the UNCITRAL Model Law will most likely be recognised in Norway when this new Insolvency regime enters into force. It will definitely be interesting to see how this condition will be interpreted by Norwegian courts in the future.

EDVĪNS DRABA
Senior Associate,
Sorainen, Latvia

Latvia:
Amendments to Insolvency Law

A set of amendments to the Latvian Insolvency Law and the Civil Procedure Law was adopted on 31 May 2018. The amendments partially entered into force in July, another part will enter into force in 2019 and some of the amendments still require adoption of secondary legislation. The scope of the amendments is rather broad and this review focusses on several of the issues covered by them.

Change of the name of the supervisory institution
The name of the governmental institution in charge of supervising insolvency and restructuring proceedings has been changed and the Insolvency Administration has now become the Insolvency Control Service. From the legislator's perspective, the new name delivers a message regarding the role and functions of the institution better than the previous one.

Random appointment of administrators
Until now, administrators have been appointed in insolvency proceedings pursuant to a roster. Despite several targeted measures implemented over the last couple of years, the current system of appointment was assessed as still being vulnerable to interference. Therefore, the amendments aim to introduce random automated appointment of administrators.

Introduction of the electronic insolvency registration system
The amendments introduce an online platform called electronic insolvency registration system, which is aimed to become an unprecedented comprehensive platform having the functions of storing information on insolvency administrators and restructuring supervisors, insolvency and restructuring proceedings, submission of creditor's claims, exchange of information among different players (e.g. an administrator and a debtor's representative) etc.