

# Changes to bankruptcy procedures in Ukraine



**On 15 April 2023, the Law of Ukraine No. 2971-IX on Introduction of Amendments to Certain Legislative Acts entered into force, which opens the possibility for consideration of bankruptcy claims in simplified legal proceedings without summoning the parties. The Law also simplifies the work of insolvency receivers.**

From now on, claims (statements of claim) of participants in bankruptcy (insolvency) proceedings or other persons in disputes in which the debtor is a party may be considered in simplified legal proceedings without summoning the parties. Simplified legal proceedings provide for consideration of the case within 60 days without holding a preparatory meeting, court debates and summoning of witnesses. Consideration of the merits of the case under the new procedure begins with the opening of the first court hearing or, if no court session is held, thirty days after the initiation of proceedings in the case.

The court considers the case without notifying the parties to the case based on the materials available in the case in the absence of a motion from any of the parties about any other matter. When considering the case, the court examines the evidence and written explanations presented in the claims on the merits of the case, and in the case of considering the case with notification (summoning) of the parties to the case, it also hears their oral explanations.

The law also provides for the creation of an automated information system headlined “Bankruptcy and Insolvency” combining the necessary registers and databases, which will include

the Electronic Office of an insolvency receiver. The Ministry of Justice of Ukraine will be the holder and the State Enterprise National Information Systems will be the administrator of the automated information system.

The information system will ensure:

- collection, storage, accounting, search, collation, provision of information on the progress of bankruptcy (insolvency) proceedings and financial and economic indicators of the debtor;
- formation of a Unified Register of Debtors against whom bankruptcy (insolvency) proceedings have been initiated, the Unified Register of Insolvency Receivers of Ukraine, the operation of the Official Receiver’s electronic office and protection against unauthorized access.

The system will allow creditors to promptly receive information about the debtor, in particular through access to information that will be contained in the closed part of the Unified Register of Debtors against whom bankruptcy (insolvency) proceedings have been initiated. Bankruptcy creditors, secured creditors, investors as well as current creditors (from the moment when the Economic Court adopts the resolution declaring the debtor bankrupt) will have the right to have such access.

Law No. 2971-IX has solved the practical problem of the possibility of transition from the liquidation procedure to financial rehabilitation. The law stipulates that the introduction of financial rehabilitation in a bankruptcy case is possible even after the debtor has been declared bankrupt, provided that there is a

financial rehabilitation plan approved by the creditors’ meeting.

A positive practical innovation of Law No. 2971-IX is the preservation of the validity of the debtor’s licence to carry out certain types of economic activity (trade in fuel and lubricants, medicines, alcohol and tobacco products etc.) in case of sale of its property as a unified property complex at an auction. From now on, if a potential investor purchases the property of a bankrupt at an auction as a unified property complex (a comprehensive enterprise), the rights to use its licences and permits will be transferred to such an investor. This novelty will have a positive effect on the results of the auctions on the sale of the property of the bankrupts, as the possibility of obtaining a licence without applying to the licensing authorities will obviously be of interest for potential buyers, especially when it comes to licences for these types of trade. ■



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