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## Amendments to the Bankruptcy Procedures Code in Ukraine



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### *Critical Infrastructure Enterprises expect Moratorium on Bankruptcy in Ukraine*

The Verkhovna Rada of Ukraine is considering Draft Law No. 8316 introducing amendments to Article 8 of the Law on Critical Infrastructure (dealing with the settlement of disputes in relation to title to state-owned critical infrastructure facilities). It is also proposed to amend Article 90(1) of the Bankruptcy Procedures Code, in particular, to add new grounds for closing bankruptcy cases in the form of new paragraphs 16 and 17 in the Final and Transitional Provisions section.

As such, bankruptcy cases are subject to closure if they have been initiated in relation to economic companies that are operators of critical infrastructure, provided that the authorized capital of those companies is held, as to more than 50 percent of shares or ownership interests, directly or indirectly by the state and those shares or ownership interests were compulsorily alienated during martial law, excepting those companies liquidated by decision of the debtor. A prohibition will also lie as to the initiation of any cases involving such companies for up to two years after the end of martial law.

The National Security,



Defence and Intelligence Committee concluded in favour of the proposals on 1 May 2023 and recommended the adoption of the draft law in its entirety. It is likely that the law will be approved before long.

### *Parliamentary Amendments to the Bankruptcy Procedures Code in Ukraine*

On 13 July 2023, the Verkhovna Rada of Ukraine adopted Draft Law No. 7442 introducing amendments to the Bankruptcy Procedures Code on the application of bankruptcy procedures during martial law. The law entered into force on 29 July 2023.

One of the main developments of the text is the regulation of the issue of monetary claims by creditors subject to special economic and other restrictive measures

(sanctions). As such, Article 48(1) of the Code has been supplemented with a new paragraph stipulating that, when sanctions involving the freezing of assets have been applied to a creditor or a party related to a creditor, from that moment and during any period sanctions are valid, that creditor only has the right to participate in a creditors' meeting with an advisory vote and may not otherwise vote on matters tabled before that meeting.

A further amendment to the text, introducing a new paragraph 1(6) into the Final and Transitional Provisions section, stipulates that, during the period of martial law and for six months after it ends, insolvency receivers will be obliged to assess losses and/or damages caused to the debtor as a result of Russian military aggression against Ukraine. ■



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