Country Reports Autumn 2014

Russia, Portugal

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Chairman of the board NP SOAM Mercury, Russia

Russia: On raising professional qualification requirements for insolvency practitioners

Russian insolvency legislation sets out certain requirements an insolvency practitioner has to satisfy before his appointment in an insolvency case can be approved by the court.

These requirements are: being educated to a degree level, having at least one year management experience, completing a period of internship as an insolvency practitioner, passing relevant professional exams, having no past disqualifications as a result of an administrative offence, having no convictions for premeditated crimes.

For a number of years, self-regulating organisations tried to convince the relevant Ministry that rules and regulations were needed that would require insolvency practitioners to continue their professional development.

On 26 December 2013 the Ministry of Economic Development of the Russian Federation approved the Federal Standard "*Requirements for Provision of Continuos Development Services to Insolvency Practitioners*".

The document provides that starting from 2014, every insolvency practitioner has to do at least 24 academic hours of Continuos Professional Development per year. This can be achieved either by completing a course with a state or private provider of higher education or with some other educational organisations, or through participation in seminars, conferences and other events organised by the National Union of Self-Regulating Organisations of Insolvency Practitioners, self-regulating organisations themselves, or by international organisations in the area of insolvency (bankruptcy).

The adoption of this document will improve the quality of work performed by insolvency practitioners in insolvency proceedings and will have a positive effect on the institute of insolvency (bankruptcy) as a whole.

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Lithuania: A new law aiming to reduce the social exclusion of insolvent individuals

On 10 May 2012, the Lithuanian Parliament adopted the Law on Bankruptcy of Natural Persons of the Republic of Lithuania (hereafter referred to as the 'Law'), which enables individuals to declare personal bankruptcy.

The Law basically aims at creating an effective legal mechanism which allows to restore the solvency of an honest natural person, farmer or other individual who is engaged in an individual activity in accordance with the laws, to ensure the fulfilment of the creditors' requirements under the Law and at the same time to maintain a fair balance between the creditors' and debtor's interests.

According to the Law, a natural person, who is unable to meet the debt obligations for which payment has become due and the amount of which exceeds 25 minimum monthly salaries as approved by the Government (approx. LTL 25,000 / €7,241), can file a bankruptcy petition with a district court having jurisdiction over his or her place of residence. If the Court establishes that the person can go bankrupt, the latter must prepare a bankruptcy plan. The repayment of debts may take up to five years and shall be supervised by the bankruptcy administrator.

The Law also provides a safety measure that prevents a natural person from abusing bankruptcy too often, i.e. bankruptcy proceedings may be initiated against a natural person not earlier than 10 years after the end of the last bankruptcy proceedings.

It is expected that the Law will contribute to the reduction of social exclusion and will comply with the creditors' principle of equal treatment.