



**Fourth Workshop on European Corporate and Household
Insolvency
International Monetary Fund
JVI, Austria May 8-9, 2014**

May 7, 2013

19:00. – Welcome Reception.

*Venue: Palmenhaus
Burggarten 1
1010 Wien
Austria*

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May 8. Day 1. Introduction

8:30 – 9:00. – Registration.

9:00 – 9:20. – *Opening remarks by Ms. Yan Liu, Assistant General Counsel, Legal Department of the International Monetary Fund*

9:20 – 9:40. – *Remarks by Mr. Kenneth Kang, European Department of the International Monetary Fund, on Macroeconomic Implications of Nonperforming Loans and Insolvency Reform*

9:40 – 11:10. **Session 1. Corporate reorganization and liquidation—What are the key elements?**

An effective reorganization procedure aims at enabling viable companies to restructure debt in order to preserve more value to the economy at large than by liquidation. What are the key elements of reorganization? What is needed to ensure that fast-track approval procedures (also referred to as “pre-packs”) –an expedited court approval of a debtor’s restructuring plan

supported by the required majority of creditors and the imposition of the plan on dissenting creditors –facilitate efficient and effective restructurings? How to address issues such as contested claim, treatment of employees, set offs and the coverage of administrative costs? How are official creditors (such as tax and social security authorities) treated in the restructuring? This session will also discuss the different options for disposition of assets or liquidation to maximize the value of assets for the creditors of non-viable entities (e.g., private sale, sale of the business as a going concern or public auctions)and the treatment of secured versus unsecured creditors in insolvency procedures.

11:10 – 11:20. – Coffee break

11:20 – 13:00. Session 2. Household insolvency —What are the key objectives and design features?

This session will discuss key objectives of a household insolvency law, using the experience of countries with well-established household insolvency frameworks and those with recently introduced insolvency laws. The session will consider approaches taken by different countries with regard to eligibility and filing requirements, coverage of debt, conditions for discharge, and other general issues (e.g., consumer protection issues). It will also explore the use of alternative mechanisms (e.g., out-of-court restructuring and mediation by administrative agencies) for settling household debt, and how such mechanisms interact with the court administered procedures. In addition, this session will consider how to deal with the growing number of borrowers who are unable to continue to service their residential mortgages. The session will discuss cross country experience with addressing distressed mortgages via voluntary out-of-court restructuring process, mediation by government agencies, court administered process under insolvency law and/or other means, as well as various proposals.

13:00 – 14:30. – Lunch (at JVI)

14:30 – 18:15.* Session 3. Small and Medium-Sized Enterprises (SMEs)

*Coffee Break from 16:30 – 16:45.

An effective insolvency regime should take into account the specific challenges facing SMEs which are significant segments of the economy in most European countries and can be especially vulnerable to macroeconomic shocks. In many European countries, existing insolvency regimes may be inappropriate and it appears that SMEs fall in the middle between corporates and households with no adequate framework. This session will focus on how insolvency frameworks can be tailored to address the unique challenges facing SMEs and allow SMEs to restructure, liquidate, and to allow individual entrepreneurs to, eventually, be discharged of past business debt. EU-level initiatives for SMEs will be discussed. It will also discuss sole proprietorships given the importance of small non-incorporated enterprises for most economies in Europe.

The first part of this session will cover specific country experience with SMEs, including special legal regimes to the extent they exist, and whether such regimes have worked and how they might be improved. The second part of the session's discussion will explore more generally the possible approaches to SMEs, including out-of-court restructuring and mediation and standardized instruments, with a view to developing a preliminary toolkit for SME restructurings.

19:30 – 21:00. – Dinner

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 Richtergasse 12
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May 9. Day 2.

8:30 – 10:45. Session 4. Out-of-court restructuring—How to make it effective?

Out-of-court debt restructuring, which works in the shadow of an effective insolvency law, is a useful alternative or complement to in-court reorganization procedures, especially in situations of corporate distress and widespread insolvencies. This session will focus on different types of the restructuring mechanism used by countries. In particular, it will consider whether such mechanisms should be entirely flexible or more formal based on statutory regimes, the importance of various incentives (e.g., in the regulatory or tax area) or the mitigation of disincentives, the role of state players such as tax authorities in the process, and the impact of workout arrangements on the liability of directors and other corporate officers in the event of insolvency (particularly in strict liability regimes).

10:45 – 11:00. – Coffee break

11:00 – 12:30. Session 5. Insolvency practitioners—How to regulate and supervise them?

This session will discuss different approaches in the supervision and regulation of insolvency practitioners, including administrators (e.g., government-regulated versus self-regulated regimes), and issues that arise in designing a framework for regulating the insolvency profession. The session will also consider tools and mechanisms used in insolvency laws to align the incentives of insolvency practitioners with those of other participants of the insolvency procedures, as well as the appointment process and power of administrators.

12:30 – 12:45. *Concluding remarks by Ms. Yan Liu, Assistant General Counsel, Legal Department of the International Monetary Fund.*