Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

14 October 2010 [shall come into force on 1 November 2010];

22 November 2011 (Constitutional Court Judgment) [shall come into force on 24 November 2011];

23 February 2012 [shall come into force on 1 March 2012];

20 April 2012 (Constitutional Court Judgment) [shall come into force on 24 April 2012];

9 July 2013 [shall come into force on 7 August 2013];

12 September 2013 [shall come into force on 1 January 2014];

25 September 2014 [shall come into force on 1 January 2015];

18 December 2014 [shall come into force on 1 January 2015];

19 February 2015 [shall come into force on 1 March 2015];

21 December 2015 (Constitutional Court Judgment) [shall come into force on 23 December 2015];

22 December 2016 [shall come into force on 6 January 2017];

31 May 2018 [shall come into force on 1 July 2018];

21 November 2019 [shall come into force on 11 December 2019];

5 December 2019 [shall come into force on 18 December 2019];

5 June 2020 [shall come into force on 10 June 2020];

15 June 2021 [shall come into force on 12 July 2021];

15 June 2021 [shall come into force on 12 July 2021];

2 September 2021 [shall come into force on 7 September 2021];

25 November 2021 [shall come into force on 21 December 2021];

16 March 2023 [shall come into force on 29 March 2023];

8 June 2023 [shall come into force on 15 July 2023].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Insolvency Law**

**Division A**

**General Provisions**

**Chapter I**

**Purpose of the Law and Terms Used in the Law**

**Section 1. Purpose of this Law**

The purpose of this Law is to promote the honouring of the obligations of a debtor in financial difficulties and, where possible, the restoration of solvency, applying the principles and lawful solutions specified in the Law.

**Section 2. Scope of Application of the Law**

(1) The Law shall apply to a legal person (except for the entirety of an estate) or to a natural person.

(2) In respect of the State, local government, or other legal person governed by public law the insolvency proceedings and legal protection proceedings specified in this Law shall not be applied.

(3) A separate law shall govern insolvency proceedings of credit institutions.

(4) The provisions of this Law shall be applicable to insolvency proceedings of those financial market participants whose activities are supervised by Latvijas Banka in accordance with the requirements of laws and regulations, insofar as the special legal norms governing the activities of the financial market participants do not provide otherwise.

(5) The provisions of this Law shall be applicable to insolvency proceedings of the subject to a financial collateral arrangement in conformity with the exceptions and additional provisions referred to in the Financial Collateral Law.

(6) The provisions of this Law shall be applicable to actions with aircraft objects in case of legal protection proceedings and insolvency proceedings in conformity with the additional provisions referred to in the law On Aviation.

(7) The provisions of this Law shall be applicable to covered bond companies which have been established in relation to segregation of cover assets of covered bond programmes of an issuer insofar as it has not been laid down otherwise in the Covered Bonds Law.

(8) The provisions of this Law shall be applicable to the legal protection proceedings and insolvency proceedings of the subjects to a close-out netting agreement in conformity with the exceptions and additional provisions referred to in the Law on Close-out Netting Applicable to Qualified Financial Transactions.

(9) The provisions of this Law shall be applicable to the originator, the servicer, and the securitisation special purpose entity referred to in Article 2 of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, the legal protection proceedings, and insolvency proceedings in conformity with the exceptions and additional provisions referred to in the Securitisation Law.

[*15 June 2021; 15 June 2021; 25 November 2021; 16 March 2023; 8 June 2023*]

**Section 3. Legal Protection Proceedings**

(1) Legal protection proceedings are an aggregate of measures of a legal nature the purpose of which is to renew the ability of a debtor to settle their debt obligations, if a debtor has come into financial difficulties or expects to do so.

(2) Legal protection proceedings are commenced from the day when a case of legal protection proceedings is brought before a court and shall take place until the day when the court takes the decision to terminate the legal protection proceedings.

**Section 4. Insolvency Proceedings of a Legal Person**

(1) Insolvency proceedings of a legal person are an aggregate of measures of a legal nature within the scope of which the claims of creditors are settled from debtor’s property in order to promote the fulfilment of the debtor’s obligations.

(2) Insolvency proceedings of a legal person are commenced from the day when a court has proclaimed insolvency proceedings by a ruling and shall take place until the day when a court takes the decision to terminate the insolvency proceedings.

**Section 5. Insolvency Proceedings of a Natural Person**

(1) Insolvency proceedings of a natural person are an aggregate of measures of a legal nature the objective of which is to satisfy the claims of creditors as much as possible from debtor’s property and provide the opportunity for a debtor whose property and income is insufficient to cover the entire obligations to be released from the outstanding obligations and to restore solvency.

(2) Insolvency proceedings of a natural person are commenced from the day when a court has proclaimed insolvency proceedings by a ruling and take shall place until the day when a court takes the decision to terminate the insolvency proceedings.

**Section 6. Principles of Legal Protection Proceedings, Insolvency Proceedings of a Legal Person and Insolvency Proceedings of a Natural Person**

The general principles of legal protection proceedings, insolvency proceedings of a legal person, and insolvency proceedings of a natural person (hereinafter in this Section – the proceedings) are applied as follows:

1) principle of the preservation of rights – the rights of creditors acquired prior to proceedings are respected during the proceedings. Restriction on rights of creditors specified within the scope of the proceedings may not be greater than is necessary to achieve the objective of the respective proceedings;

2) principle of creditor equality – creditors are given equal opportunities to participate in proceedings and receive satisfaction of their claims in accordance with the obligations which they have established with the debtor prior to the commencement of proceedings;

3) principle of prohibition against arbitrariness – a creditor and debtor may not perform individual activities which cause harm to the interests of the body of creditors;

4) principle of honouring of obligations – such measures which allow the obligations undertaken by a debtor to be honoured in a greater amount shall be applicable within the scope of proceedings;

5) principle of the effectiveness of proceedings – such measures which allow the objective of the proceedings to be achieved in the most complete manner with the least resources shall be applicable within the scope of proceedings;

6) principle of quick turnover – the task of the proceedings is to maintain a quick commercial turnover. Debtor’s property shall be sold to ensure the return thereof to commercial circulation as quickly as possible;

7) principle of transparency – in order to ensure credibility, information on proceedings must be accessible by all persons involved in the proceedings, thereby promoting the respecting of the interests of these persons and the achievement of the objectives of the proceedings. An exception is information the unrestricted disclosure of which might harm the lawful interests of a debtor or a creditor;

8) principle of good faith – persons involved in proceedings shall use their rights and fulfil their duties in good faith. A debtor and creditor may not use the proceedings in order to make a living unfairly.

**Section 7. Secured Creditor**

(1) A secured creditor is a creditor whose right to claim against a debtor or a third person is secured by a commercial pledge, or mortgage on debtor’s property registered in the Land Register or Ship Register.

(2) A secured creditor shall be considered to be a non-secured creditor for the unsecured part of the claim, except for the case when the security is for a liability of a third person. A secured creditor is entitled, at any stage of the proceedings, to decline from the security for the right to claim in full or partly by making relevant amendments to public registers.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 8. Non-secured Creditor**

A non-secured creditor is a creditor whose right to claim is not secured with the means of security referred to in Section 7, Paragraph one of this Law.

**Section 8.1 Supervisory Person of Legal Protection Proceedings**

A supervisory person of legal protection proceedings is a natural person appointed by a court who has the rights and obligations specified in this Law in legal protection proceedings.

[*22 December 2016*]

**Section 9. Administrator of Insolvency Proceedings**

(1) An administrator of insolvency proceedings (hereinafter – the administrator) is a natural person who has been appointed to the position of an administrator and who has the rights and obligations specified in this Law. In respect of the official activities, administrators shall be considered equivalent to public officials.

(2) The administrator, within the meaning of Regulation (EU) No 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (hereinafter – Regulation No 2015/848 of the European Parliament and of the Council), also has the rights and obligations of the administrator specified in this Law and other laws and regulations.

[*25 September 2014; 22 December 2016; 31 May 2018 /* *Section 2 of the law Amendments to the Insolvency Law of 25 September 2014 where Paragraph one has been supplemented with a sentence in the following wording:* *“In respect of the official activities, administrators of insolvency proceedings shall be considered equivalent to public officials.”, insofar as failing to ensure occupational guaranty to be able to retain the selected occupation in respect of insolvency administrators who are advocates at the same time, has been recognised as non-conforming to the first sentence of Section 106 of the Constitution of the Republic of Latvia by the Constitution Court judgement of 21 December 2015 which enters into effect on 23 December 2015.*]

**Section 10. Characteristics of the Application of the Norms of the Law**

The provisions applicable to legal persons shall be applied to natural persons and partnerships, unless laid down otherwise in this Law.

**Section 11. Costs of Legal Protection Proceedings, Insolvency Proceedings of a Legal Person and Insolvency Proceedings of a Natural Person**

(1) The remuneration of the supervisory person of legal protection proceedings and his or her expenses arising from ensuring lawful and efficient course of legal protection proceedings shall constitute the costs of legal protection proceedings.

(2) The remuneration of the administrator and the value added tax if the administrator has been registered in the State Revenue Service Value Added Tax Taxable Persons Register, and the expenses arising from ensuring lawful and efficient course of insolvency proceedings of the legal person or insolvency proceedings of the natural person shall constitute the costs of insolvency proceedings of a legal person and insolvency proceedings of a natural person.

[*22 December 2016; 31 May 2018*]

**Section 12. Insolvency Register**

(1) The purpose of the Insolvency Register is to ensure public access to the legal protection proceedings, insolvency proceedings of a legal person, insolvency proceedings of a natural person, and the procedure contained in the Law on Release of a Natural Person from Debt Obligations, to promote the progression of the legal protection proceedings, insolvency proceedings of a legal person, insolvency proceedings of a natural person, and the procedure contained in the Law on Release of a Natural Person from Debt Obligations, the protection of legal interests of the persons involved in these proceedings and other persons, the performance of the functions of the Insolvency Control Service as well as to enhance the cooperation of persons in insolvency issues. The Insolvency Register is available to everyone free of charge, and the entries therein shall be publicly reliable.

(2) Information on the administrator, the supervisory person of legal protection proceedings, and also the course of legal protection proceedings, insolvency proceedings of a legal person, insolvency proceedings of a natural person, and of the procedure contained in the Law on Release of a Natural Person from Debt Obligations shall be entered into the Insolvency Register.

[*15 June 2021 / The new wording of Section shall come into force on 1 January 2022. See Paragraph 71 of Transitional Provisions*]

**Section 12.1 Electronic Insolvency Accounting System**

(1) The Electronic Insolvency Accounting System (hereinafter – the System) is a State information system managed by the Insolvency Control Service and held by the Court Administration.

(2) The System promotes the performance of the tasks of the Insolvency Control Service, the preparation and publication of the information specified in laws and regulations on the website of the Insolvency Control Service, the sharing of information between the persons and authorities involved in insolvency proceedings, and also the fulfilment of the obligations and exercising of the rights of administrators and supervisory persons of legal protection proceedings.

(3) The following shall be entered in the System:

1) information on the supervisory person of legal protection proceedings, the administrator, and other persons involved in legal protection proceedings and insolvency proceedings;

2) information on the course of legal protection proceedings and insolvency proceedings;

3) information on any violations which have been committed by supervisory persons of legal protection proceedings and administrators during the fulfilment of the obligations imposed on them, and also exercising the rights granted to them in legal protection proceedings and insolvency proceedings and which have been established by a court, the Insolvency Control Service, and the Commission of Disciplinary Matters specified in this Law;

4) information and documents the preparation or submission of which is specified in the laws and regulations governing activities of the administrator or supervisory person of legal protection proceedings and the course of insolvency proceedings, and the preparation of which in electronic form or attaching of which is ensured in the System.

(4) The information specified in Paragraph three of this Section shall be entered in the System and updated on the basis of the information received from State or local government authorities from other State information systems, and also the official activities carried out within the framework of the fulfilment of official duties of officials of the Insolvency Control Service, the documents prepared within the framework of the fulfilment of the obligations and exercising the rights of the administrator and the supervisory person of legal protection proceedings specified in the laws and regulations governing the field of insolvency, the documents and any other information received from the administrators and the supervisory persons of legal protection proceedings.

(5) The persons employed by the Insolvency Control Service and the Court Administration who require access to the System for the fulfilment of official or work duties, the administrators, and the persons supervising legal protection proceedings shall process the information included in the System to such extent as is necessary for them for the fulfilment of obligations and exercising the rights specified in laws and regulations, including using data of other State information systems in the System in order to ascertain accuracy of the data to be entered in the System, including personal data.

(6) The documents prepared by the Insolvency Control Service, the administrator, and the supervisory person of legal protection proceedings which are submitted and made available using the System also have legal effect if they do not contain the detail “signature”.

(7) When updating the information entered in the System, the previously registered information is saved.

(8) The Cabinet shall determine the procedures for using and maintaining the System, the procedures for entering and receiving information and documents in and from the System, and also the scope of information and documents to be included in the System and the time limits for its storage.

(9) A creditor and a representative thereof, a representative of a debtor, a debtor in insolvency proceedings of a natural person, or a representative thereof may use the System for the fulfilment of the obligations and exercising the rights specified in laws and regulations.

(10) The information included in the System shall be restricted access information.

[*31 May 2018; 15 June 2021*]

**Section 12.2Information to be Published on the Website of the Insolvency Control Service**

(1) For the purpose of contributing to the protection of interests of creditors in legal protection proceedings and insolvency proceedings, promoting implementation of legal protection proceedings by providing a possibility to select the best supervisory person of legal protection proceedings, and also informing the public of the results of the activities of the Insolvency Control Service, the Insolvency Control Service shall publish the following information on its website regarding the supervisory person of legal protection proceedings and the administrator, and also legal protection proceedings, insolvency proceedings of a legal person, and insolvency proceedings of a natural person:

1) the given name, surname, and contact information of the supervisory person of legal protection proceedings or the administrator, and also information on education and qualification of the supervisory person of legal protection proceedings;

2) information on the results of the activities of the administrator in insolvency proceedings according to the information provided in the final operational report;

3) information on any violations committed by the supervisory persons of legal protection proceedings or the administrators during the fulfilment of the obligations and exercising the rights specified in laws and regulations governing the field of insolvency which have been established under a decision of a court, the Insolvency Control Service, and the Commission of Disciplinary Matters which is no longer subject to appeal;

4) information on the number of legal protection proceedings supervised by the supervisory person of legal protection proceedings;

5) information on legal protection proceedings supervised by the supervisory person of legal protection proceedings which have been terminated upon declaring insolvency proceedings of a legal person;

6) information on legal protection proceedings supervised by the supervisory person of legal protection proceedings which have been terminated due to the implementation of the plan of measures of legal protection proceedings;

7) information on the number and duration of insolvency proceedings of legal persons and insolvency proceedings of natural persons administered by the administrator;

8) information on the time of practice in the status of a supervisory person of legal protection proceedings or the time of practice of the profession of an administrator.

(2) When publishing the information specified in this Law, the Insolvency Control Service shall ensure conformity with the requirements of the laws and regulations governing personal data protection and the requirements for the protection of trade secret. The specific information on the results of the activities of the administrators shall be published unaltered according to the information indicated in the operational report of the administrator. The submitter of information shall be responsible for the correctness and conformity of the content of this information with the requirements of laws and regulations.

(3) The information published on the website of the Insolvency Control Service which has been indicated in this Section shall be of informative nature, and publication thereof shall neither impose any obligations on nor grant any rights to persons.

(4) The Cabinet shall determine the scope of information published by the Insolvency Control Service and the procedures for publishing, and also correcting errors thereof.

[*22 December 2016; 31 May 2018* / *Section shall come into force from 1 July 2018. See Paragraph 52 of Transitional Provisions*]

**Chapter I.1 Supervisory Person of Legal Protection Proceedings**

[*22 December 2016*]

**Section 12.3 Requirements and Restrictions Imposed on the Supervisory Person of Legal Protection Proceedings**

(1) The following may be the supervisory person of legal protection proceedings:

1) the administrator with a higher education in economics, management, or finance;

2) a sworn auditor;

3) a natural person with the capacity to act who has the right to reside and be employed in Latvia throughout the entire duration of the legal protection proceedings, who is not subject to the restrictions specified in this Law, and who has a higher education in economics, management, or finance.

(11) The administrator without a higher education in economics, management, or finance may be the supervisory person of legal protection proceedings if a financial specialist with a higher education in the relevant field is invited.

(2) The supervisory person of legal protection proceedings may not be a person:

1) who has been convicted of committing an intentional criminal offence or against whom criminal proceedings for committing an intentional criminal offence have been terminated for reasons other than exoneration of the person;

2) for whom insolvency proceedings of a natural person have been declared and less than five years have passed since the day of termination thereof;

3) who has been a member of the administrative body of a legal person and has caused insolvency proceedings of this legal person due to the neglect thereof or deliberately;

4) who, on the basis of a decision in a disciplinary matter, has been removed from the office of a general or specialised civil servant, removed from the office of an administrator, excluded from the number of sworn advocates or assistants thereto, released from the office of a prosecutor, or removed from the office of a sworn bailiff or an assistant thereto, a sworn notary or an assistant thereto, or a judge, or whose certificate of a sworn auditor has been cancelled, unless five years have passed since the day when the decision has entered into effect in the disciplinary matter or the decision to cancel the certificate of a sworn auditor has been taken;

41) who has been suspended from the office of the administrator;

42) who has been removed from the office of the administrator in accordance with Section 17.2, Paragraph one, Clause 5 or 6 of this Law unless five years have passed since the day of removal or the termination of the certificate;

5) on whom, on the basis of a decision in an administrative offence case, an administrative penalty – deprivation of the right to hold any office in a commercial company – has been imposed;

6) who has been removed from legal protection proceedings by a court upon establishing abuse of power by this person, unless five years have passed from the day when the relevant court ruling has entered into effect;

7) who, in accordance with the legal framework established in his or her country of residence, has been denied the right to hold offices similar to that of the supervisory person of legal protection proceedings;

8) on whom the sanction of discontinuation of activity referred to in Section 78, Paragraph one, Clause 4 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing has been imposed, unless five years have passed since the day of the imposition thereof;

9) on whom the sanction of suspension of activity referred to in Section 78, Paragraph one, Clause 4 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing has been imposed.

(3) The following person who meets at least one of the following criteria may not be the supervisory person of legal protection proceedings in specific legal protection proceedings:

1) [16 March 2023];

2) who has provided an opinion of a sworn auditor on the plan of measures of legal protection proceedings;

3) who is considered to be an interested party with respect to the subject of legal protection proceedings in accordance with the provisions of Section 72 of this Law;

4) who is a suspect or accused in criminal proceedings related to his or her actions in specific legal protection proceedings.

(4) The activities, rights, and obligations of administrators, sworn advocates, sworn bailiffs, sworn auditors, and other representatives of regulated professions appointed as supervisory persons of legal protection proceedings in specific legal protection proceedings shall be governed by the norms governing the activities of the supervisory person of legal protection proceedings. When fulfilling the obligations of the supervisory person of legal protection proceedings, administrators, sworn advocates, sworn bailiffs, sworn auditors, and other representatives of regulated professions do not have the right to exercise the special rights and benefits specified in the relevant laws and regulations governing professional activities thereof and provided for or guaranteed by the relevant laws and regulations.

(5) If any of the restrictions specified in Section 20 of this Law applies to the supervisory person of legal protection proceedings, this person shall inform the debtor or creditors thereof without delay if the supervisory person of legal protection proceedings has been appointed upon request of creditors.

[*22 December 2016; 31 May 2018; 2 September 2021; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 12.4 Appointing and Removal of the Supervisory Person of Legal Protection Proceedings**

(1) A court shall appoint the supervisory person of legal protection proceedings in legal protection proceedings in accordance with the procedures laid down in this Law and the Civil Procedure Law.

(2) The court shall remove the supervisory person of legal protection proceedings as follows:

1) upon its own initiative in the cases specified in the Civil Procedure Law;

2) on the basis of an application of the supervisory person of legal protection proceedings if the relevant person has withdrawn from specific legal protection proceedings;

3) on the basis of an application of the debtor, if the supervisory person of legal protection proceedings has been appointed in the cases referred to in Section 35.1, Paragraph one and Paragraph two, Clause 1 of this Law, or an application of the authorised representative of the majority of creditors specified in Section 42, Paragraph three of this Law, if the supervisory person of legal protection proceedings has been appointed upon request of the creditor;

4) on the basis of an application of the Insolvency Control Service if:

a) if the restrictions specified in Section 12.3, Paragraphs two and three of this Law have been established;

b) the supervisory person of legal protection proceedings fails to fulfil the legal obligation imposed by the Insolvency Control Service;

c) the Insolvency Control Service has established violations of laws and regulations in the actions of the supervisory person of legal protection proceedings;

5) on the basis of an application of the Director of the Insolvency Control Service if:

a) a disciplinary matter has been initiated against the supervisory person of legal protection proceedings or the decision of the Commission of Disciplinary Matters to remove the supervisory person of legal protection proceedings from legal protection proceedings has entered into effect;

b) the supervisory person of legal protection proceedings fails to pay the fine imposed on him or her in accordance with Section 31.7, Paragraph one, Clause 1 or 2 within the time limit specified in Section 31.7, Paragraph five of this Law.

[*22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 12.5 General Obligations of the Supervisory Person of Legal Protection Proceedings**

(1) The supervisory person of legal protection proceedings has an obligation to register with the State Revenue Service as a performer of economic activity and to declare his or her place of practice in Latvia.

(2) The supervisory person of legal protection proceedings has an obligation to ensure keeping of documents and communication with the persons involved in legal protection proceedings in the official language.

(3) The supervisory person of legal protection proceedings shall ensure that he or she may be reached at the address of his or her place of practice by using the indicated contact information, and also receives the correspondence addressed thereto (including documents signed with a secure electronic signature).

(4) The supervisory person of legal protection proceedings has an obligation to ensure access to the place of practice in Latvia recorded in the Insolvency Register and to the location of the debtor – a legal person – when the Insolvency Control Service is performing the procedural actions referred to in Section 174.2, Paragraph one, Clause 9 of this Law.

(5) The supervisory person of legal protection proceedings shall use the System when exercising the rights granted in the law and performing the obligations specified in the law.

(6) The Cabinet shall determine the principles for the activities and the determination of the remuneration of the supervisory person of legal protection proceedings.

[*22 December 2016; 31 May 2018; 16 March 2023*]

**Section 12.6 Conducting a Case of Legal Protection Proceedings**

(1) The supervisory person of legal protection proceedings shall conduct a case of legal protection proceedings in his or her place of practice and include therein all information and documents related to the relevant proceedings when making a list of the documents in the case of these proceedings.

(2) The Cabinet shall determine the procedures for keeping records of the legal protection proceedings.

[*22 December 2016*]

**Section 12.7 Record-keeping and Accounts of Income and Expenditures of the Supervisory Person of Legal Protection Proceedings**

(1) The supervisory person of legal protection proceedings shall keep records at his or her place of practice, and also accounts of income and expenditures thereof arising from the fulfilment of the duties of office of the supervisory person of legal protection proceedings.

(2) Income from the fulfilment of the duties of office of the supervisory person of legal protection proceedings shall consist of the remuneration of the supervisory person of legal protection proceedings for the fulfilment of the duties in legal protection proceedings.

(3) Expenditures of the supervisory person of legal protection proceedings shall consist of the expenditures related to the maintenance of the place of practice and other payments specified in laws and regulations and related to the relevant legal protection proceedings.

(4) The Cabinet shall determine the nomenclature of files of the supervisory person of legal protection proceedings and the time periods for storage thereof, and also the procedures for keeping records.

[*22 December 2016*]

**Section 12.8 Liability and Security of the Supervisory Person of Legal Protection Proceedings**

(1) The supervisory person of legal protection proceedings shall be liable for any losses caused to the State, debtor, creditors, or other persons due to his or her fault.

(2) The supervisory person of legal protection proceedings shall not be liable for actions and transactions of the debtor and previous supervisory persons of legal protection proceedings.

(3) Actions against the supervisory person of legal protection proceedings shall be brought in accordance with the procedures and within the time limits laid down in Section 30 of this Law.

(4) The supervisory person of legal protection proceedings shall insure his or her civil liability for possible harm which he or she may cause to the debtor, creditors, or other persons through his or her actions in the legal protection proceedings.

(5) The Cabinet shall determine the procedures for civil liability insurance of the supervisory person of legal protection proceedings, and also the minimum insurance amount.

[*22 December 2016; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 12.9 Expiration of Obligations of the Supervisory Person of Legal Protection Proceedings**

Obligations of the supervisory person of legal protection proceedings shall expire:

1) if the supervisory person of legal protection proceedings is removed from specific legal protection proceedings;

2) if the legal protection proceedings are being terminated;

3) in the event of death of the supervisory person of legal protection proceedings;

4) if the court grants the application and renders a judgment on the implementation of the legal protection proceedings without appointing a supervisory person of legal protection proceedings for monitoring the implementation of the plan of measures of legal protection proceedings.

[*22 December 2016; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Chapter II**

**Administrator**

[*22 December 2016*]

**Section 13. Requirements and Restrictions Set Out for the Administrator**

(1) The administrator may be a natural person with the capacity to act:

1) who has attained 25 years of age;

2) who has received a State-recognised education document concerning the acquisition of a second level higher vocational education in jurisprudence and acquired the qualification of a lawyer or has received a State-recognised education document concerning the acquisition of a higher academic education in jurisprudence and acquired an academic degree;

3) who is has the highest level of proficiency in the official language;

4) who has at least three years work experience in the profession of a lawyer or profession comparable thereto after acquisition of the education and qualification referred to in Paragraph one, Clause 2 of this Section;

5) who has passed the examination of an administrator;

6) who has impeccable reputation.

(2) The administrator may not be a person:

1) who does not meet the requirements laid down in Paragraph one of this Section;

2) who has been removed from the office of the administrator in accordance with Section 17.2, Paragraph one, Clause 5 or 6 of this Law unless five years have passed since the day of removal or the termination of the certificate;

3) who has been convicted of committing an intentional criminal offence or against whom criminal proceedings for committing an intentional criminal offence have been terminated for reasons other than exoneration of the person;

4) for whom insolvency proceedings of a natural person have been declared and less than five years have passed since the day of termination thereof;

5) who has been a member of the administrative body of a legal person and has caused insolvency proceedings of this legal person due to the neglect thereof or deliberately;

6) on whom, on the basis of a decision in an administrative offence case, an administrative penalty – deprivation of the right to hold any office in a commercial company – has been imposed;

7) who, on the basis of a decision in a disciplinary matter, has been removed from the office of the administrator, excluded from the number of sworn advocates or assistants thereto, released from the office of a prosecutor or removed from the office of a sworn bailiff, an assistant thereto, a sworn notary, an assistant thereto, or a judge, or whose certificate of a sworn auditor has been cancelled, unless five years have passed since the day when the decision has entered into effect in the disciplinary matter or the decision to cancel the certificate of a sworn auditor has been taken;

8) on whom the sanction of discontinuation of activity referred to in Section 78, Paragraph one, Clause 4 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing has been imposed, unless five years have passed since the day of the imposition thereof;

9) on whom the sanction of suspension of activity referred to in Section 78, Paragraph one, Clause 4 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing has been imposed.

[*22 December 2016; 2 September 2021*]

**Section 13.1 Office of the Administrator**

(1) The Director of the Insolvency Control Service shall appoint the administrator to the office by an order after passing of the examination of an administrator.

(2) After appointing of the administrator to the office, the Director of the Insolvency Control Service shall issue to the administrator his or her office certificate which is valid for five years.

(3) The Cabinet shall determine the procedures for appointing the administrator to the office, and also the form and content of the certificate of the administrator office, and the procedures for issuing and handing it out.

[*22 December 2016; 31 May 2018; 2 September 2021*]

**Section 14. Professional Organisation of Administrators**

(1) The functions of the professional organisation of administrators shall be implemented by the association *Latvijas Sertificēto maksātnespējas procesa administratoru asociācija* [Association of the Certified Administrators of Insolvency Proceedings of Latvia] (hereinafter – the Association of Administrators). The Association of Administrators shall comprise all administrators of Latvia according to the principle of professional activities.

(2) The Association of Administrators shall notify the Insolvency Control Service if it has information at its disposal which may constitute grounds for the initiation of a disciplinary matter against the administrator.

[*22 December 2016; 31 May 2018*]

**Section 15. Training of Administrator Applicants**

(1) A precondition for taking the examination of an administrator shall be the attendance of a training course and a relevant certificate issued by the organiser of the training course. The certificate attesting the attendance of the training course shall be valid for two years after the issue thereof.

(2) The Cabinet shall determine the minimum content and scope of the training course, and also the information to be included in the certificate attesting the attendance of the training course.

[*22 December 2016*]

**Section 16. Certification and Re-Certification of the Administrator**

[22 December 2016]

**Section 16.1 Examining of the Administrator**

(1) A person who wishes to hold the office of the administrator shall be examined by the Examination Commission appointed by the Minister for Justice. The Examination Commission shall consist of one representative from each of the following institutions: the Ministry of Justice, the Insolvency Control Service, academic staff of higher education institutions, and the Association of Administrators. The Examination Commission shall also include a judge of a district (city) court specified by the Judicial Council and a representative of a non-governmental organisation delegated by the Insolvency Advisory Board.

(11) The Insolvency Advisory Board shall decide to organise an examination of the administrator at the proposal of a member of the supervisory board or the Director of the Insolvency Control Service.

(2) The examination of the administrator may be taken by the following persons:

1) who meet the requirements of Section 13, Paragraph one, Clauses 1, 2, 3, 4, and 6 of this Law;

2) to whom the restrictions specified in Section 13, Paragraph two of this Law do not apply;

3) who have received a certificate attesting the attendance of the training course;

4) who have paid the examination fee into the account of the Insolvency Control Service.

(3) If the Insolvency Control Service establishes or receives information on the non-conformity of the person with the requirements of Section 13, Paragraph one, Clause 6 of this Law, the relevant issue shall be examined and decided by the Examination Commission.

(4) The Examination Commission shall also conduct a regular qualification examination of the administrator (hereinafter – the qualification examination).

(5) The Cabinet shall determine the procedures for examining the administrator, the minimum volume of knowledge, the examination fee, and the procedures by which the Examination Commission shall operate.

[*22 December 2016; 31 May 2018; 2 September 2021*]

**Section 16.2 Qualification Examination of the Administrator**

(1) After appointing to the office, the administrator shall, every five years counting from the day of his or her appointing to the office or from the day of passing the previous qualification examination (hereinafter – the qualifying period), take the qualification examination.

(11) A representative of the Association of Administrators included in the composition of the Examination Commission shall be released from taking the qualification examination if he or she has been part of the composition of the Examination Commission continuously for at least five years prior to the day when a submission is submitted to the Insolvency Control Service for the extension of the validity period of an office certificate, and this representative confirms that he or she has attended qualification improvement activities in the amount referred to in Paragraph two of this Section.

(2) A precondition for taking the qualification examination shall be the attendance of the qualification improvement activities in the amount of 80 academic hours during the period of validity of the current certificate until the moment when a submission for the application for the qualification examination is submitted.

(3) In the qualification examination, the Examination Commission shall examine the theoretical knowledge of the administrator which is necessary for the fulfilment of the duties of office of the administrator, and also the ability to apply this knowledge.

(4) If, during organisation of the qualification examination, the official activities of the administrator have been suspended or the administrator has been suspended from the performance of official activities, the administrator has the right to take the regular qualification examination. After passing of the qualification examination and the decision taken by the Director of the Insolvency Control Service to reinstate the administrator in office, the administrator is entitled to resume the fulfilment of his or her official duties. The Director of the Insolvency Control Service shall, on the basis of a reasoned submission of the administrator, take the decision to extend the time limit for taking the qualification examination until the next time when the qualification examination is organised after expiry of the time limit for the suspension of official activities of the administrator or the suspension thereof from the office. In such case, the official activities of the administrator shall be reinstated after passing of the qualification examination on the basis of a decision of the Director of the Insolvency Control Service and by stipulating that the start date of the validity period of the office certificate is the date on which the qualification examination took place which the administrator had an obligation to take in accordance with the qualifying period specified in Paragraph one of this Section.

(5) The qualification examination shall be organised and the course thereof shall be ensured by the Insolvency Control Service, taking account of the qualifying period specified in Paragraph one of this Section. The Insolvency Control Service may, once a year, organise an additional qualification examination if the day of the next planned qualification examination is more than one year and six months away from the expiry of the time limit for the suspension of official activities of the administrator or the suspension thereof from the office, and the time limit for taking the qualification examination has been extended for the administrator in accordance with Paragraph four of this Section.

(6) The Cabinet shall determine the qualification examination fee, the qualification examination procedures, the areas in which the knowledge and skills of the administrator are examined, and also the evaluation procedures and the procedures for issuing a certificate.

(7) The administrator who fails to pass the regular qualification examination shall take a repeated qualification examination the next time the qualification examination is organised. In such case the Director of the Insolvency Control Service shall, on the basis of a submission of the administrator, take the decision to extend the time limit for taking the qualification examination of the administrator until the next time the qualification examination is organised, and the administrator has the right to fulfil the obligations of the administrator on the basis of the issued certificate of the office.

(8) The administrator who has not been able to take the qualification examination for objective reasons shall take the qualification examination the next time the qualification examination is organised. In such, case the Director of the Insolvency Control Service shall, on the basis of a motivated submission of the administrator, take the decision to extend the time limit for taking the qualification examination of the administrator until the next time the qualification examination is organised, and the administrator has the right to fulfil the obligations of the administrator on the basis of the issued certificate of the office. The administrator who has not been able to take the qualification examination for objective reasons has the right to ask for extension of the time limit for taking the qualification examination once during the qualifying period.

[*22 December 2016; 31 May 2018; 2 September 2021*]

**Section 17. Suspension and Termination of the Operation of the Administrator’s Certificate and Its Annulment**

[22 December 2016]

**Section 17.1 Release from the Office of the Administrator**

(1) The Director of the Insolvency Control Service shall release the administrator from the office upon his or her request.

(2) The Cabinet shall determine the procedures for releasing the administrator.

[*22 December 2016; 31 May 2018*]

**Section 17.2 Removal from the Office of the Administrator**

(1) The Director of the Insolvency Control Service shall remove the administrator from the office by a decision in the following cases:

1) the administrator has been convicted of an intentional criminal offence;

2) trusteeship has been established for the administrator by a court judgement;

3) insolvency proceedings of a natural person have been proclaimed for the administrator;

4) the administrator has not taken the qualification examination unjustifiably or has received a negative evaluation in taking a repeated qualification examination;

5) the court has removed the administrator from the fulfilment of the obligations in insolvency proceedings on the basis of Section 22, Paragraph two, Clause 7 of this Law;

6) over the last two years of official activities of the administrator a court has removed the administrator from the fulfilment of obligations in insolvency proceedings of a legal person or insolvency proceedings of a natural person twice due to violations of laws and regulations;

7) on the basis of a decision of the Commission of Disciplinary Matters on a proposal to remove the administrator from the office;

8) the administrator fails to pay the fine imposed on him or her in accordance with Section 31.7, Paragraph one, Clause 1 or 2 within the time limit specified in Section 31.7, Paragraph five of this Law;

9) in the event of the death of the administrator;

10) the decision of the competent authority has entered into effect to hold the administrator administratively liable by imposing an administrative penalty – deprivation of the right to hold any office in a commercial company;

11) any of the restrictions specified in Section 13, Paragraph two of this Law has been established;

12) the sanction of discontinuation of activity referred to in Section 78, Paragraph one, Clause 4 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing has been imposed on the administrator.

(2) The Cabinet shall determine the procedures for removing the administrator from the office.

[*22 December 2016; 31 May 2018; 2 September 2021*]

**Section 17.3 Suspension from the Fulfilment of Official Activities of the Administrator**

(1) The Director of the Insolvency Control Service may suspend the administrator from the performance of official activities if:

1) the administrator is a suspect or accused in a criminal case and non-suspension thereof may be harmful to the interests of the State or substantiated interests of third persons in the area of insolvency;

2) a disciplinary matter has been initiated against the administrator and non-suspension of the administrator may be harmful to the substantiated interests of the State or third persons;

3) the Commission of Disciplinary Matters has suggested that the Director of the Insolvency Control Service suspends the administrator from the office;

4) the sanction of suspension of activity referred to in Section 78, Paragraph one, Clause 4 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing has been imposed on the administrator.

(2) The Cabinet shall determine the procedures for suspending the administrator.

[*22 December 2016; 31 May 2018; 2 September 2021*]

**Section 17.4 Suspension of Official Activities of the Administrator**

(1) The Director of the Insolvency Control Service shall, on the basis of a submission of the administrator, take the decision to suspend temporarily official activities of the administrator while the administrator is in the service of a direct or indirect State administration institution, a derived public entity, another State institution or State (local government) capital company, or for the period of prolonged illness, pregnancy, maternity leave or child-care leave of the administrator, and also upon substantiated request of the administrator in other cases.

(2) The Cabinet shall determine the procedures for suspending official activities of the administrator.

[*22 December 2016; 31 May 2018*]

**Section 18. Publicity of the Activities of the Administrator**

(1) The responsible authority shall enter the following information on the administrator in the Insolvency Register:

1) the given name and surname of the administrator;

2) the number of the office certificate of the administrator;

3) the date of issue and validity period of the certificate of the administrator office;

4) the address of the place of practice of the administrator in Latvia;

5) the telephone number of the administrator;

6) the electronic mail address of the administrator;

7) the date from which the administrator, in accordance with this Law or other laws and regulations, has been restricted in his or her fulfilment of the duties of an administrator (the official activities of the administrator have been suspended, the administrator has been suspended from the office, the decision has been taken within the scope of criminal proceedings to apply a procedural compulsory measure – a prohibition from specific employment – which imposes a restriction on the performance of the duties of the office of the administrator, or the case referred to in Section 16.2, Paragraph four of this Law has set in – the term of the suspension of the official activities of the administrator has expired or the circumstances which were the basis for the suspension of the administrator from the office no longer exist and the administrator has not yet taken the qualification examination the next time it is organised);

71) the date from which the administrator has been released or removed from the office;

72) the date from which the right of the administrator to fulfil the duties of office of the administrator have been restored;

8) the date of the making of the entry.

(2) The Insolvency Control Service shall ensure that the information referred to in Paragraph one, Clauses 1, 2, 3, 4, 5, 6, and 7 of this Law would be available to the responsible institution which makes entries in the Insolvency Register, and also maintain registers of the administrators appointed, removed, released, and suspended from the office and of the administrators whose activities have been suspended.

[*18 December 2014; 22 December 2016; 31 May 2018*]

**Chapter III**

**Appointment and Removal of the Administrator in Insolvency Proceedings of a Legal or Natural Person**

[*22 December 2016*]

**Section 19. Appointment of the Administrator in Insolvency Proceedings of a Legal Person and Insolvency Proceedings of a Natural Person**

(1) A court shall appoint the administrator in insolvency proceedings of a legal person and insolvency proceedings of a natural person in accordance with the procedures laid down in this Law and the Civil Procedure Law.

(11) A candidate for the office of the administrator for the appointing in specific insolvency proceedings of a legal person and natural person shall be selected from a list of candidates for the office of administrators maintained in the System of the Insolvency Control Service (hereinafter – the List of Candidates), using the automated selection provided by the Court Information System.

(2) The Cabinet shall determine the procedures for compiling the List of Candidates in the System, the characteristics by which the administrator is included on the List of Candidates, and the procedures for selecting a candidate for the office of the administrator, using automated selection provided by the Court Information System.

[*25 September 2014; 22 December 2016; 31 May 2018 / Paragraph 1.1 and the new wording of Paragraph two shall come into force on 1 January 2019. See Paragraph 64 of Transitional Provisions*]

**Section 20. Restrictions on the Fulfilment of Administrator’s Duties**

(1) The administrator may not assume and fulfil the duties of the administrator in specific insolvency proceedings in the following cases:

1) [22 December 2016];

11) the administrator has been released, removed, or suspended from the office;

12) the official activities of the administrator have been suspended;

13) the decision has been taken with regard to the administrator within the framework of criminal proceedings to apply a procedural compulsory measure – a prohibition from specific employment – which imposes a restriction to fulfil the duties of office of the administrator;

2) the administrator is a suspect or accused in criminal proceedings related to his or her actions in specific insolvency proceedings of a legal person or insolvency proceedings of a natural person;

3) the administrator is recognised to be an interested party with respect to the debtor in accordance with the provisions of this Law;

4) [22 December 2016];

5) the administrator has been in employment relationship with the debtor during the last five years prior to the day of the proclamation of the relevant insolvency proceedings;

6) the debtor has the right to claim against the administrator or the administrator has the right to claim against the debtor and the administrator or debtor has not specifically refused such a right;

7) the administrator has a personal interest in the case of insolvency proceedings of a legal person or in the case of insolvency proceedings of a natural person or there are other circumstances which cause reasonable doubt as to his or her impartiality;

8) the administrator performs activities related to the duties of the administrator in insolvency proceedings of a legal person or insolvency proceedings of a natural person in which he or she, his or her spouse, or persons who are in a kinship or affinity relationship with the administrator up to the second degree, or his or her business partners are or might be personally or financially interested;

9) the administrator performs activities related to the duties of the administrator with regard to a creditor or debtor whose shareholder, stockholder, member, or member of a supervisory, control or executive body happens to be he or she himself or herself, his or her spouse or persons who are in a kinship or affinity relationship with the administrator up to the second degree;

10) over the last two years prior to his or her appointment to specific insolvency proceedings, the administrator has decided on the claims of the debtor in other insolvency proceedings of a legal person or insolvency proceedings of a natural person in which the administrator fulfilled duties of the administrator;

11) the administrator has already fulfilled the duties of the administrator in insolvency proceedings of this debtor;

12) the administrator is unable to objectively ensure the conduct of the proceedings due to their complexity or cross-border element.

(2) If any of the cases referred to in Paragraph one of this Section applies to the administrator, he or she shall immediately inform the court and the Insolvency Control Service thereof.

[*22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 21. Exceptions to the Restrictions on the Fulfilment of the Duties of the Administrator**

(1) The provisions of Section 20 of this Law shall not be applicable if the administrator is a recipient of goods or services in a business relationship within the framework of regular economic activity of the business partner, there is no dispute about the transaction and the administrator does not enjoy any particular advantage in the transaction.

(2) The administrator shall immediately inform all creditors and the Insolvency Control Service of his or her business partners and substantiate the fact that the restrictions specified in Section 20 of this Law are not applicable to him or her.

(3) It shall be permitted for the administrator to cover the costs of insolvency proceedings in accordance with the procedures laid down in this Law.

[*22 December 2016; 31 May 2018*]

**Section 22. Removal of the Administrator from Insolvency Proceedings of a Legal Person or Insolvency Proceedings of a Natural Person**

(1) A court shall remove the administrator upon its own initiative, upon an application of the Insolvency Control Service or the administrator, or upon proposal of the creditors’ meeting.

(2) The administrator shall be removed if:

1) the restrictions specified in Section 20 of this Law apply in respect thereto;

2) he or she does not comply with the requirements of the laws and regulations governing insolvency;

3) he or she does not comply with the court ruling;

4) he or she fails to fulfil the legal obligation imposed by the Insolvency Control Service;

5) he or she has withdrawn from insolvency proceedings of a legal person or insolvency proceedings of a natural person (Section 23);

6) the creditors’ meeting has proposed the removal of the administrator from the specific insolvency proceedings of a legal person or insolvency proceedings of a natural person, if the administrator has not ensured efficient conduct of insolvency proceedings;

7) he or she uses his or her powers in bad faith;

8) [22 December 2016];

81) the administrator has been released, removed, or suspended from the office or his or her professional activities have been suspended.

(3) If violations have been established in the activities of the administrator, the administrator shall only be removed from such insolvency proceedings of a legal person or insolvency proceedings of a natural person in which the violations have been established.

(4) If the administrator has been released, removed, or suspended, the Insolvency Control Service shall submit an application to the court for the removal of the administrator from all insolvency proceedings of a legal person or insolvency proceedings of a natural person to which he or she has been appointed.

[*22 December 2016; 31 May 2018*]

**Section 23. Resignation of the Administrator from Insolvency Proceedings of a Legal Person or Insolvency Proceedings of a Natural Person**

(1) The administrator has the right to resign from insolvency proceedings of a legal person or insolvency proceedings of a natural person at any time if he or she is unable to fulfil the duties of the administrator due to objective circumstances.

(2) When resigning from insolvency proceedings of a legal person or insolvency proceedings of a natural person, the administrator shall submit a justified application to the court for the resignation accompanied by his or her operational report, and also a draft deed of delivery and acceptance of documents and property, concurrently informing the Insolvency Control Service thereof.

(3) The administrator shall resign from insolvency proceedings of a legal person or insolvency proceedings of a natural person if the restrictions specified in Section 20 of this Law apply thereto.

(31) The administrator shall submit an application to the court for the resignation from all insolvency proceedings of a legal person and insolvency proceedings of a natural person to which he or she has been appointed if official activities of the administrator have been suspended.

(4) When resigning from insolvency proceedings of a legal person or insolvency proceedings of a natural person, the administrator shall comply with the provisions of Section 24 of this Law regarding the change of administrators.

[*22 December 2016; 31 May 2018*]

**Section 24. Change of Administrators**

(1) If the administrator is removed from insolvency proceedings of a legal person or insolvency proceedings of a natural person, another administrator shall be appointed in accordance with the procedures laid down in Section 19 of this Law.

(2) If the previous administrator resigns or is removed from insolvency proceedings of a legal person or insolvency proceedings of a natural person, the previous administrator shall, within the time limit specified by the court that may not exceed 10 days, draw up a deed of delivery and acceptance of documents and property which shall be signed by the previous administrator and the new administrator. A review of the activities of the previous administrator shall be appended to the deed of property delivery and acceptance.

(3) Until the appointment of a new administrator, the previous administrator shall continue to fulfil the duties thereof. After a new administrator is appointed, the previous administrator shall, in accordance with the procedures laid down in law, be responsible for handing over the debtor’s documents and property to the new administrator according to the deed of delivery and acceptance of documents and property.

(4) If the drawing up of a deed of delivery and acceptance of documents and property and a review of activities is not objectively possible, the new administrator shall, when commencing the fulfilment of duties, draw up a report on the actual situation and notify the creditors thereof in accordance with the procedures laid down in this Law.

[*25 September 2014; 22 December 2016*]

**Section 25. Expiration of the Duties of the Administrator in Insolvency Proceedings of a Legal Person or Insolvency Proceedings of a Natural Person**

The duties of the administrator shall end:

1) if the administrator is removed from insolvency proceedings of a legal person or insolvency proceedings of a natural person;

2) [22 December 2016];

3) if insolvency proceedings of a legal person are being terminated;

4) if insolvency proceedings of a natural person are being terminated;

5) [22 December 2016];

6) if the administrator is released, removed, or suspended from the office or his or her professional activities are suspended.

[*25 September 2014; 22 December 2016*]

**Chapter IV**

**General Provisions for the Activity of the Administrator**

**Section 26. General Duties of the Administrator**

(1) Upon appointment of the administrator to the office, the administrator shall:

1) register with the State Revenue Service as a taxpayer;

2) declare one place of practice with the State Revenue Service and notify the Insolvency Control Service thereof.

(2) The administrator shall ensure efficient and lawful conduct of insolvency proceedings of a legal person and insolvency proceedings of a natural person, and achievement of the objectives thereof.

(21) The administrator shall use the System when exercising the rights granted in the law and fulfilling the duties specified in the law.

(3) The administrator has the following duties:

1) to participate in court hearings in cases of insolvency proceedings of a legal person and insolvency proceedings of a natural person;

2) to provide information on the insolvency proceedings of a legal person and insolvency proceedings of a natural person to the court, creditors, the Insolvency Control Service, and other persons and authorities specified in laws and regulations;

3) to notify the Insolvency Control Service of any change in his or her place of practice, electronic mail address, given name or surname within five days;

4) to cooperate with the authorised persons and authorities that, in accordance with laws and regulations of other countries, have the right to implement their powers in insolvency proceedings of a legal person or insolvency proceedings of a natural person;

5) upon request of the Insolvency Control Service, to provide his or her operational report, documents and information on the insolvency proceedings of a legal person or insolvency proceedings of a natural person in which the administrator has fulfilled or is fulfilling his or her duties;

6) if the activities of a financial market participant are supervised by Latvijas Banka in accordance with the requirements of laws and regulations, upon request thereof, to provide Latvijas Banka with information or a report on the insolvency proceedings of the abovementioned financial market participant or a legal person;

7) to examine complaints about the specific insolvency proceedings of a legal person or insolvency proceedings of a natural person, and provide a reply to the submitter of the complaint within two weeks;

8) to provide reports and materials to law enforcement authorities regarding the facts established in insolvency proceedings of a legal person or insolvency proceedings of a natural person which may form the grounds for initiation of criminal proceedings;

9) to ensure access to the place of practice of the administrator in Latvia recorded in the Insolvency Register and to the location of the debtor – a legal person – when the Insolvency Control Service is performing the procedural actions referred to in Section 174.2, Paragraph one, Clause 9 of this Law;

10) to register and grant the right of access to users of data dissemination website of the System in the cases and in accordance with the procedures stipulated by the Cabinet.

(4) The administrator shall ensure that he or she may be reached at the address of the place of practice, using the contact information indicated, and also the receipt of correspondence addressed thereto.

(5) During insolvency proceedings of a legal person, the administrator shall organise the accounting of the debtor in accordance with the requirements of laws and regulations. If the Law on Annual Statements and Consolidated Annual Statements is applicable to the debtor, the administrator shall submit to the State Revenue Service a true copy of the annual statement and sworn auditor’s report (where required) only in the cases when the administrator has taken the decision to continue the economic activity of the debtor to full or limited extent.

(6) The administrator shall, at his or her place of practice or location of the debtor, keep a file of insolvency proceedings of a legal person and insolvency proceedings of a natural person and include therein all the information and documents related to insolvency proceedings of a legal person and insolvency proceedings of a natural person, and also compile a list of documents in the file of the relevant proceedings.

(7) The Cabinet shall determine the procedures for keeping records of insolvency proceedings of a legal person and insolvency proceedings of a natural person.

[*25 September 2014; 22 December 2016; 31 May 2018; 15 June 2021; 16 March 2023*]

**Section 26.1 Record-keeping and Accounts of Income and Expenditures of the Administrator**

(1) The administrator shall keep records at his or her place of practice, and also accounts of income and expenditures thereof resulting from the fulfilment of the duties of office of the administrator.

(2) Income from the fulfilment of the duties of office of the administrator shall consist of the remuneration to the administrator for the fulfilment of the duties in insolvency proceedings of a legal person and insolvency proceedings of a natural person.

(3) Expenditures of the administrator shall consist of the expenditures related to the maintenance of the place of practice and other payments specified in this Law and other laws.

(4) The Cabinet shall determine the nomenclature of files of the administrator and time limits for the storage thereof, and also the procedures for keeping records.

[*22 December 2016*]

**Section 27. General Rights of the Administrator**

(1) The administrator has the following rights:

1) to request and receive from the debtor and representatives thereof the information necessary in insolvency proceedings of a legal person or insolvency proceedings of a natural person;

2) to request and receive from State and local government authorities, free of charge, the information at the disposal thereof on the debtor and representatives thereof necessary in insolvency proceedings of a legal person or insolvency proceedings of a natural person, including through the System;

3) to request and receive from other competent persons and authorities the information at the disposal thereof which is related to the insolvency proceedings of a legal person and insolvency proceedings of a natural person, including through the System;

4) to become acquainted with the financial situation and all the documents of the debtor, and also to request and receive all the documents;

5) to hand over debtor’s documents to the State archives for storage free of charge.

(2) The administrator in respect of whom the procedural actions referred to in Section 174.2, Paragraph one, Clause 9 of this Law are performed has the following rights:

1) to be present at the time of performance of procedural actions, make comments and requests;

2) to suggest that the status of restricted access information is determined with regard to the information or any part thereof to be provided;

3) to become acquainted with the minutes of the procedural action and the documents appended thereto, to recommend corrections and additions;

4) within a month after signing of the minutes of the procedural action referred to in Section 174.3 of this Law, submit a complaint to the director of the Insolvency Control Service regarding the actions of an official of the Insolvency Control Service.

[*22 December 2016; 31 May 2018; 15 June 2021* / *Clause 5 of Paragraph one shall come into force on 1 January 2022. See Paragraph 72 of Transitional Provisions*]

**Section 28. Authorisation of the Administrator**

(1) The administrator has the right to authorise another administrator to fulfil the duties of the administrator, within the scope of one calendar year for a period not exceeding 60 days, in conformity with the restrictions specified in Section 20 of this Law.

(2) The administrator shall prepare the authorisation specified in Paragraph one of this Section and submit it to the Insolvency Control Service, using the System.

[*31 May 2018 / The new wording of Paragraph two shall come into force on 1 January 2019. See Paragraph 62 of Transitional Provisions*]

**Section 29. Liability of the Administrator**

(1) The administrator shall be liable for the losses caused to the State, a debtor, creditors, or other persons due to the fault of the administrator or an authorised representative thereof.

(2) The administrator shall not be liable for the actions of a debtor and previous administrator and transactions concluded prior to his or her commencement of fulfilling the duties of an administrator.

**Section 30. Bringing an Action Against the Administrator**

(1) Actions may be brought against the administrator before a court not later than within one year after termination of insolvency proceedings of a legal person or insolvency proceedings of a natural person.

(2) If the administrator has caused, through his or her actions, losses to the State, debtor, creditors, or other persons, and such is determined through a court judgment in a criminal case, the general limitation period regarding actions is applicable to actions brought against the administrator.

(3) A creditor or creditors who represent at least 10 per cent of the total recognised amount of the principal debt of the non-secured creditors may bring an action against the administrator in favour of all debtors, if the administrator has caused losses to the debtor through his or her actions.

[*25 September 2014; 22 December 2016*]

**Section 31. Security of the Administrator**

(1) The administrator shall have security as provided for by this Law for those cases where he or she causes losses to the State, debtor, creditors or other person with their actions. The security of the administrator is the civil liability insurance of their activities.

(2) The Cabinet shall determine the procedures for civil liability insurance of the administrator, and also the minimum insurance amount.

**Chapter IV.1**

**Disciplinary Liability of the Supervisory Person of Legal Protection Proceedings and the Administrator**

[*22 December 2016*]

**Section 31.1 Initiation of a Disciplinary Matter**

(1) The Director of the Insolvency Control Service may initiate a disciplinary matter against the supervisory person of legal protection proceedings and the administrator upon proposal of a judge or a prosecutor, or the Association of Administrators or upon his or her own initiative.

(2) A disciplinary matter may be initiated against the supervisory person of legal protection proceedings and the administrator regarding the following:

1) a substantial violation of laws and regulations;

2) a substantial violation of the rules of professional ethics;

3) systematic violations of laws and regulations if they have been established by the Insolvency Control Service in accordance with the procedures laid down in this Law;

4) abuse of power if it has been established by the Insolvency Control Service in accordance with the procedures laid down in this Law;

5) losses caused to the State, debtor, or creditors if the amount of losses exceeds 20 minimum monthly wages, and it has been established by a court ruling which has entered into effect.

(21) If criminal proceedings or administrative offence proceedings have been initiated, or a complaint is examined before a court within the framework of legal protection proceedings, insolvency proceedings of a legal person, or insolvency proceedings of a natural person and this complaint concerns the same offence which forms the grounds for the initiation of a disciplinary matter, the issue regarding deciding on initiation of the disciplinary matter may be postponed but if the disciplinary matter has been initiated, the examination thereof may be suspended until the moment when a final ruling enters into effect in the relevant criminal proceedings or administrative offence proceedings, or a decision enters into effect under which the court has examined the complaint within the framework of a case of legal protection proceedings, insolvency proceedings of a legal person, or insolvency proceedings of a natural person.

(22) In the case referred to in Paragraph 2.1 of this Section, the decision to initiate a disciplinary matter shall be taken or examination of a disciplinary matter shall be renewed within one month from the day when the Insolvency Control Service has received the final ruling which has entered into effect in the relevant criminal proceedings or administrative offence proceedings or the decision which has entered into effect and under which the court has examined the complaint within the framework of a case of legal protection proceedings, insolvency proceedings of a legal person, or insolvency proceedings of a natural person.

(3) The Cabinet shall determine the procedures for initiating a disciplinary matter against the supervisory person of legal protection proceedings and the administrator.

[*22 December 2016; 31 May 2018*]

**Section 31.2 Removal of the Supervisory Person of Legal Protection Proceedings from the Proceedings in Relation to Examination of a Disciplinary Matter**

If during examination of a disciplinary matter the Commission of Disciplinary Matters establishes that a violation for the elements of which in activities of the supervisory person of legal protection proceedings a disciplinary matter has been initiated is not compatible with the fulfilment of the obligations of the supervisory person of legal protection proceedings, the Commission of Disciplinary Matters may ask the Director of the Insolvency Control Service to submit the application to the court for the removal of the supervisory person of legal protection proceedings from specific legal protection proceedings or all legal protection proceedings to which he or she has been appointed.

[*22 December 2016; 31 May 2018*]

**Section 31.3 Suspension of the Administrator from the Fulfilment of Official Duties until Examination of a Disciplinary Matter**

(1) If during examination of a disciplinary matter the Commission of Disciplinary Matters establishes that a violation for the elements of which in activities of the administrator a disciplinary matter has been initiated is not compatible with the fulfilment of official duties of the administrator, the Commission of Disciplinary Matters may ask the Director of the Insolvency Control Service to suspend the administrator from the office until examination of the matter.

(2) The Director of the Insolvency Control Service shall, within two weeks from the day when the decision to propose the suspension of the administrator from the office has been received from the Commission of Disciplinary Matters, take the decision to suspend the administrator from the office.

[*22 December 2016; 31 May 2018*]

**Section 31.4 Commission of Disciplinary Matters**

(1) The Commission of Disciplinary Matters shall examine a disciplinary matter against the supervisory person of legal protection proceedings and the administrator and impose a disciplinary punishment on the supervisory person of legal protection proceedings and the administrator.

(2) The composition of the Commission of Disciplinary Matters which is approved by the Minister for Justice shall include:

1) one representative of the Ministry of Justice;

2) two representatives of the Insolvency Control Service;

3) one judge of the Supreme Court assigned by the Chief Justice of the Supreme Court;

4) one representative of the Association of Administrators.

(3) The Chair of the Commission of Disciplinary Matters shall be a representative of the Ministry of Justice.

(4) The composition of the Commission of Disciplinary Matters shall be approved for three years.

(5) The Insolvency Control Service shall ensure and organise the work of the Commission of Disciplinary Matters.

(6) The Cabinet shall determine the procedures for the operation of the Commission of Disciplinary Matters and the procedures for examining a disciplinary matter.

(7) The Commission of Disciplinary Matters shall develop and adopt the code of professional ethics for supervisory persons of legal protection proceedings and administrators.

[*22 December 2016; 31 May 2018*]

**Section 31.5 Rights of the Commission of Disciplinary Matters**

When examining disciplinary matters, the Commission of Disciplinary Matters has the right:

1) to listen to explanations of other persons and request opinions of experts, request information and documents from State and local government authorities, and also from other legal persons governed by private law and officials thereof;

2) to ask the Insolvency Control Service to perform an inspection of activities of the supervisory person of legal protection proceedings or the administrator.

[*22 December 2016; 31 May 2018*]

**Section 31.6 Decision of the Commission of Disciplinary Matters**

(1) The Commission of Disciplinary Matters shall take the following decision within one month from the initiation of a disciplinary matter:

1) to impose one of the disciplinary punishments provided for in Section 31.7, Paragraph one, Clauses 1 and 2 of this Law upon the supervisory person of legal protection proceedings and the administrator;

2) to suggest the Director of the Insolvency Control Service to remove the administrator from the office;

3) [31 May 2018];

4) to suggest the Director of the Insolvency Control Service to remove the supervisory person of legal protection proceedings from the specific legal protection proceedings or all legal protection proceedings to which it has been appointed;

5) to dismiss the disciplinary matter;

6) not to impose a disciplinary punishment and to send a decision to the Insolvency Control Service in order for it to explain to the supervisory person of legal protection proceedings or the administrator the incorrectness of his or her action.

(11) If the time limit specified in Paragraph one of this Section cannot be complied with due to objective reasons, the Commission of Disciplinary Matters may extend the time limit for taking a decision for up to three months from the day of initiation of a disciplinary matter. The decision to extend the time limit shall not be subject to appeal.

(2) The Cabinet shall determine the procedures by which the Commission of Disciplinary Matters shall take a decision.

[*22 December 2016; 31 May 2018*]

**Section 31.7 Disciplinary Punishments and Imposition Thereof**

(1) One of the following disciplinary punishments shall be imposed on the supervisory person of legal protection proceedings and the administrator:

1) a reproof, with or without applying a fine of up to EUR 150;

2) a reprimand, with or without applying a fine from EUR 150 to 15 000;

3) a removal from the office of the administrator.

(2) The Commission of Disciplinary Matters shall impose the disciplinary punishment specified in Paragraph one, Clauses 1 and 2 of this Section.

(3) The Director of the Insolvency Control Service shall impose the disciplinary punishment specified in Paragraph one, Clause 3 of this Section on the basis of the decision of the Commission of Disciplinary Matters to propose the removal of the administrator from the office.

(4) The Director of the Insolvency Control Service shall, within two weeks from the day when the decision to propose the removal of the administrator from the office has been received from the Commission of Disciplinary Matters, take the decision to impose the disciplinary punishment – removal from the office – on the administrator.

(5) The supervisory person of legal protection proceedings and the administrator on whom the disciplinary punishment provided for in Paragraph one, Clause 1 or 2 of this Section has been imposed has an obligation to pay the fine into the State basic budget within three months from the day of taking the decision.

(6) The Commission of Disciplinary Matters may, upon a reasoned request of the supervisory person of legal protection proceedings or the administrator, take the decision to suspend the payment of the imposed fine until a specific time limit or to divide it in periods with regard to the supervisory person of legal protection proceedings or the administrator on whom the disciplinary punishment specified in Paragraph one, Clause 1 or 2 of this Section has been imposed.

(7) If the administrator fails to respect the disciplinary punishment referred to in Paragraph one, Clause 1 or 2 of this Section imposed on him or her, the Director of the Insolvency Control Service shall decide to remove him or her from the office.

[*22 December 2016; 31 May 2018*]

**Section 31.8 Limitation Period of a Disciplinary Matter**

(1) A disciplinary matter shall not be initiated and a disciplinary punishment shall not be imposed if two years have passed from the day of discontinuation of a violation.

(2) If a disciplinary matter has not been initiated on the basis of the fact that the supervisory person of legal protection proceedings has been removed from the proceedings or the administrator has been released from office, it may be initiated if the relevant person is appointed to the office of the supervisory person of legal protection proceedings or the administrator, unless two years have passed from the day when a possible disciplinary offence has been established.

(3) If a disciplinary matter has been terminated on the basis of the fact that the supervisory person of legal protection proceedings has been removed from the proceedings or the administrator has been released from office, the terminated disciplinary matter shall be renewed if the relevant person is appointed to the office of the supervisory person of legal protection proceedings or of the administrator, unless two years have passed from the day when the supervisory person of legal protection proceedings has been removed from the proceedings or the administrator has been released from office.

(4) In the case referred to in Paragraphs two and three of this Section the limitation period referred to in Paragraph one of this Section shall not include the time from the day when the supervisory person of legal protection proceedings has been removed from the proceedings or the administrator has been released from office until the day when the relevant person is appointed to the office of the supervisory person of legal protection proceedings or of the administrator but not exceeding five years from the day when a possible disciplinary offence has been established.

[*22 December 2016; 31 May 2018*]

**Section 31.9 Appeal of a Decision of the Commission of Disciplinary Matters**

The supervisory person of legal protection proceedings or the administrator who has been subject to a disciplinary punishment may appeal the decision of the Commission of Disciplinary Matters to impose a disciplinary punishment to the District Administrative Court within 30 days from the day of the notification of the decision.

[*22 December 2016*]

**Section 31.10 Time Limit after which a Person is Considered not to be Subject to a Disciplinary Punishment**

If during two years from the day of imposing a disciplinary punishment it has not been established that the supervisory person of legal protection proceedings or the administrator who had been subject to a disciplinary punishment has committed a new disciplinary offence, the supervisory person of legal protection proceedings or the administrator shall be recognised as not to be subject to a disciplinary punishment.

[*31 May 2018*]

**Division B**

**Legal Protection Proceedings**

**Chapter V**

**General Provisions of Legal Protection Proceedings**

**Section 32. Subjects of Legal Protection Proceedings**

(1) Legal protection proceedings shall be applicable to legal persons, partnerships, sole proprietorships, persons registered in a foreign country who perform permanent economic activity in Latvia, and to the producers of agricultural products (hereinafter in this Division – the debtor).

(2) In legal protection proceedings, the producer of agricultural products shall mean a legal person from whose annual income more than 50 per cent on the day of the submission of the application for legal protection proceedings is formed by the revenues from the production and processing of agricultural products. Within the meaning of this Law, the production and processing of agricultural products shall be that which is specified in Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety.

(3) Legal protection proceedings shall not be applicable to the following financial market participants: an insurance company, an insurance brokerage company, a regulated market organiser, an investment firm, a depository, an alternative investment fund company, an investment management company, a savings and loan association, a credit institution, and a private pension fund.

[*9 July 2013; 16 March 2023*]

**Section 33. Application for Legal Protection Proceedings and Initiation of a Case of Legal Protection Proceedings**

(1) The debtor shall submit the application for legal protection proceedings to court in accordance with the procedures laid down in the Civil Procedure Law.

(11) If the application for legal protection proceedings is re-submitted within one year, lodging of the deposit specified in Section 62, Paragraph one of this Law shall be a precondition for the submission of such application. The debtor may agree that the deposit specified in Section 62, Paragraph one of this Law shall be lodged by the creditor or creditors.

(2) A case of legal protection proceedings shall be initiated in accordance with the procedures laid down in the Civil Procedure Law.

[*25 September 2014; 31 May 2018* / *See Paragraph 58 of Transitional Provisions*]

**Section 34. Restrictions on the Initiation of a Case of Legal Protection Proceedings**

(1) A case of legal protection proceedings may not be initiated if:

1) the liquidation of the debtor has been commenced in accordance with the procedures laid down in laws and regulations;

2) the debtor has had legal protection proceedings implemented, and terminated in accordance with Section 51, Paragraph four of this Law during the preceding five years;

3) the debtor has had legal protection proceedings implemented, and terminated in accordance with Section 51, Paragraph one of this Law during the preceding four months.

(2) The provision of Paragraph one, Clause 2 of this Section shall not be applicable if insolvency proceedings of a legal person have been proclaimed for the debtor and the application for legal protection proceedings has been submitted.

**Section 35. Appointing of the Administrator to Legal Protection Proceedings**

[22 December 2016]

**Section 35.1 Appointing of the Supervisory Person of Legal Protection Proceedings to Specific Legal Protection Proceedings**

(1) The supervisory person of legal protection proceedings shall be appointed:

1) after initiating the case of legal protection proceedings until examination of the application for legal protection proceedings;

2) for the monitoring of the implementation of the plan of measures of legal protection proceedings if the debtor is requesting an approval of the plan of measures of legal protection proceedings in accordance with the procedures laid down in Section 42, Paragraph 3.1 of this Law.

(2) The supervisory person of legal protection proceedings may be appointed for the monitoring of the implementation of the plan of measures of legal protection proceedings:

1) upon request of the debtor;

2) upon request of the majority of creditors specified in Section 42, Paragraph three of this Law.

(3) A candidate for the supervisory person of legal protection proceedings shall be recommended by:

1) the debtor – in the cases referred to in Paragraph one and Paragraph two, Clause 1 of this Section upon agreement thereon with the candidate for the supervisory person of legal protection proceedings;

2) the majority of creditors specified in Section 42, Paragraph three of this Law – in the case referred to in Paragraph two, Clause 2 of this Section upon agreement thereon with the candidate for the supervisory person of legal protection proceedings and the debtor.

(4) The creditor or creditors whose claims constitute at least one per cent of the total amount of the claims of all creditors are entitled to request that the debtor convenes a creditors’ meeting for taking the decision to request the appointment of a supervisory person of legal protection proceedings for the monitoring of the implementation of the plan of measures of legal protection proceedings, the selection of the candidate for the supervisory person of legal protection proceedings, and the determination of the amount of the remuneration of the supervisory person of legal protection proceedings. The debtor shall convene a creditors’ meeting, choosing one of the types of course of a creditors’ meeting referred to in Section 86, Paragraph 2.2 of this Law.

(5) The supervisory person of legal protection proceedings has the right to withdraw from the specific legal protection proceedings at any moment. The supervisory person of legal protection proceedings shall submit the application for withdrawal from the specific legal protection proceedings to the court in which the relevant case of legal protection proceedings has been initiated, concurrently notifying the debtor and creditors thereof.

(6) If the supervisory person of legal protection proceedings has submitted to a court the application for withdrawal from the specific legal protection proceedings, a new candidate for the supervisory person of legal protection proceedings shall be recommended to the court by the debtor in conformity with Paragraphs one, two, and three of this Section upon agreement thereon with the candidate for the supervisory person of legal protection proceedings or by the majority of creditors specified in Section 42, Paragraph three of this Law upon agreement thereon with the supervisory person of legal protection proceedings and the debtor. Accordingly, the debtor or an authorised representative of the majority of creditors specified in Section 42, Paragraph three of this Law shall submit to the court the application for the approval of a new candidate for the supervisory person of legal protection proceedings in the specific legal protection proceedings within 15 days from the day when the application for the withdrawal of the supervisory person of legal protection proceedings has been submitted to the court.

(7) In conformity with Paragraphs one, two, and three of this Section, the debtor or the majority of creditors specified in Section 42, Paragraph three of this Law have the right to replace the supervisory person of legal protection proceedings. A new candidate for the supervisory person of legal protection proceedings shall be recommended to the court by the debtor in conformity with Paragraphs one and two of this Section upon agreement thereon with the candidate for the supervisory person of legal protection proceedings or by the majority of creditors specified in Section 42, Paragraph three of this Law upon agreement thereon with the candidate for the supervisory person of legal protection proceedings and the debtor. Accordingly, the debtor or an authorised representative of the majority of creditors specified in Section 42, Paragraph three of this Law shall submit to the court the application for the approval of a new candidate for the supervisory person of legal protection proceedings and the removal of the current supervisory person of legal protection proceedings.

(8) If an agreement is not reached on a candidate for the supervisory person of legal protection proceedings in the case referred to in this Section where the supervisory person of legal protection proceedings is recommended by the majority of creditors specified in Section 42, Paragraph three of this Law, a court shall select him or her from the candidates for the supervisory person of legal protection proceedings proposed by the majority of creditors specified in Section 42, Paragraph three of this Law and appoint him or her to specific legal protection proceedings.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 36. Publicity of a Case of Legal Protection Proceedings**

(1) The responsible authority shall enter the following information in the Insolvency Register on a case of legal protection proceedings:

1) the debtor’s firm name (name);

2) the debtor’s registration number;

3) the debtor’s legal address;

4) the date when the case was initiated, and the name of the court;

5) the date when the court ruling on the implementation of legal protection proceedings has been taken and the plan of measures of the legal protection proceedings has been approved, the name of the court, the case number and, if applicable, also the time limit within which the complaint referred to in Article 5 of Regulation No 2015/848 of the European Parliament and of the Council is to be submitted;

6) if applicable, the given name, surname, address of the place of practice in Latvia, telephone number, and electronic mail address of the supervisory person of legal protection proceedings appointed to the case, and also the identification number assigned by the responsible institution which maintains the Insolvency Register;

61) if applicable, also the given name, surname, address of the place of practice, telephone number, or electronic mail address of the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council;

7) [22 December 2016];

8) the methods specified in the plan of measures of the legal protection proceedings;

9) the time limit for the implementation of legal protection proceedings;

91) if applicable, also the type of the insolvency proceedings in accordance with Article 3(1), (2), or (4) of Regulation No 2015/848 of the European Parliament and of the Council;

10) the date when the court approved amendments to the plan of measures of the legal protection proceedings and the name of the court;

11) the date of termination of legal protection proceedings, the name of the court, and the grounds;

12) the date of the making the entry.

(2) The information referred to in Paragraph one of this Section may be published also in other registers, information systems, or databases.

[*25 September 2014; 22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Chapter VI**

**Effects of the Initiation of a Case of Legal Protection Proceedings**

**Section 37. Effects of the Initiation of a Case of Legal Protection Proceedings**

(1) The court decision on the initiation of a case of legal protection proceedings has the following effects:

1) the stay of the judgment enforcement proceedings in cases regarding the recovery of amounts adjudged but not recovered from a debtor and in cases regarding the honouring of obligations through court in accordance with the procedures laid down in the Civil Procedure Law, except for cases regarding the recovery of the work remuneration and other claims of employees arising from or relating to employment relationship, and cases regarding claims referred to in Chapters IV and V of the Law on Control of Aid for Commercial Activity;

2) a prohibition for the secured creditor to request the sale of the debtor’s pledged property, except for the case referred to in Paragraph two of this Section;

3) a prohibition for the creditor to submit an application for insolvency proceedings of a legal person;

4) a prohibition to perform the liquidation of a debtor;

5) the suspension of the penalty increment;

6) the suspension of such an interest increment which exceeds the statutory interest, except for the cases where the main refinancing operations rate specified by the European Central Bank is above the statutory interest rate; then the main refinancing operations rate specified by the European Central Bank shall apply;

7) the suspension of the late payment charge increment;

8) the suspension of the calculation of the late charges of tax claims;

9) a prohibition for the creditor and another supplier or service provider to withhold performance of, terminate, accelerate or, in any other way, modify executory contracts to the detriment of the debtor by virtue of a contractual clause providing for such measures relating to or arising from the initiation of a case of legal protection proceedings.

(11) The effects referred to in Paragraph one, Clauses 1, 2, 4, 5, 6, 7, 8, and 9 of this Section shall be in effect for two months from the initiation of a case of legal protection proceedings.

(12) The time limit specified in Paragraph 1.1 of this Section may be extended, by a court decision, by a time period up to six months of the court decision on the initiation of a case of legal protection proceedings, if the majority of creditors specified in Section 42, Paragraph three of this Law agrees to this, on the basis of a motivated application of the debtor which shall specify the actions performed for the development of and agreement upon the plan of measures of legal protection proceedings and explain the assumed justifications for the extension. The debtor shall immediately inform the supervisory person and creditors of the extension of the effects of the initiation of a case of legal protection proceedings and the associated time period.

(13) If, at the time of submitting the plan of measures of legal protection proceedings, the effects referred to in Paragraph one, Clauses 1, 2, 4, 5, 6, 7, 8, and 9 of this Section are in effect, they shall continue to apply until the examination of the application for legal protection proceedings.

(2) A secured creditor may request the sale of the debtor’s pledged property, if the prohibition referred to in Paragraph one, Clause 2 of this Section causes significant harm to the interests of this creditor (including the existence of the threat of the destruction of the pledged property, or the value of the pledged property has reduced significantly). The decision to permit the sale of the debtor’s pledged property shall be taken by the court in which the case of the respective legal protection proceedings has been initiated.

(3) The debtor has an obligation to inform the bailiff who is managing the proceedings in cases regarding the amounts adjudged but not recovered from the debtor and cases regarding the honouring of obligations through the court, and also the representatives of employees, if a trade union of employees has been established or authorised representatives of employees have been elected, of the initiation of a case of legal protection proceedings.

(4) The debtor has an obligation, upon request of the supervisory person of legal protection proceedings, to provide him or her with all information on the development of and agreement upon the plan of measures of legal protection proceedings in writing without delay, and also to submit documents attesting the validity of the claims of creditors and to ensure a possibility to inspect economic activity and documents of the debtor in person.

(5) The effects referred to in Paragraph one, Clauses 1, 2, 4, 5, 6, 7, 8, and 9 of this Section may be revoked by a court decision in the following cases:

1) if they no longer serve the purpose of supporting the discussion of the plan of measures of legal protection proceedings (e.g. if the majority of creditors specified in Section 42, Paragraph three of this Law do not support the continuation of discussion) – on the basis of a motivated application of the debtor, the supervisory person of legal protection proceedings, or the creditor;

2) if they have caused or will cause unfair prejudice to the creditor or creditor group – on the basis of a motivated application of the debtor, the supervisory person of legal protection proceedings, or the creditor;

3) if they may lead to the insolvency of the creditor – on the basis of a motivated application of the debtor, the supervisory person of legal protection proceedings, or the creditor;

4) in other cases – on the basis of an application of the debtor or the supervisory person of legal protection proceedings.

(6) In the cases referred to in Paragraph five of this Section, subject to the information provided in the application, the court decision is applied to all creditors (general revocation) or to one or several individual creditors or creditor groups (limited revocation).

(7) The debtor is entitled to attract interim financing by agreeing upon it with the supervisory person of legal protection proceedings in writing. Interim financing means any financing that includes, as a minimum, financial assistance while the effects of the initiation of a case of legal protection proceedings are in effect and that is reasonable and immediately necessary for the debtor’s establishment to continue operating or to preserve or enhance the value of that establishment. In a written agreement, the supervisory person of legal protection proceedings shall specify, as a minimum, the information on the provider, amount, basic conditions of interim financing and its percentage value in relation to the total amount of the claims of the relevant creditor group and justify the need for interim financing. The debtor and the supervisory person of legal protection proceedings shall immediately inform the creditors of the provided agreement in writing by sending the agreement.

(8) If the financing referred to in Paragraph seven of this Section exceeds 10 per cent of the total amount of the claims of the creditor group, the creditor is entitled to submit to the debtor written objections within five days after receiving the agreement. If the debtor does not agree with the objections of the creditor, the debtor shall convene a creditors’ meeting to assess the need for interim financing. If the need for interim financing has been assessed in the creditors’ meeting, the provisions referred to in Section 96, Paragraph five of this Law shall apply to interim financing to the extent that it has been supported by the creditors’ meeting.

[*12 September 2013; 25 September 2014; 22 December 2016; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 37.1 Activities of the Supervisory Person of Legal Protection Proceedings After Initiating the Legal Protection Proceedings**

(1) The supervisory person of legal protection proceedings:

1) shall monitor the actions of the debtor in the honouring of the obligations;

2) shall request and receive from the debtor all information on the course of the development of and agreement upon the plan of measures of legal protection proceedings and economic activity;

3) shall examine the complaints submitted by the creditors;

4) shall evaluate the financial situation of the debtor and provide recommendations for preserving or restoring the debtor’s solvency;

5) shall participate in the evaluation of the objections of the creditors and provide recommendations regarding them to the debtor.

(2) The supervisory person of legal protection proceedings has the following rights:

1) to request and receive from the debtor and representatives thereof the information necessary for the legal protection proceedings;

2) to request and receive from other competent persons and authorities the information at their disposal which is related to the conduct of legal protection proceedings;

3) to become acquainted with the financial situation and all the documents of the debtor, and also to request and receive all the documents;

4) to submit in electronic form to the Insolvency Control Service information on his or her education and qualification for publication on the website. The supervisory person of legal protection proceedings shall ensure that the information submitted for publication is presented in accordance with the requirements for drawing up of documents laid down in laws and regulations and corresponds to the requirements for official secret, restricted access information, and also personal data protection;

5) to prepare a plan of measures of legal protection proceedings if an agreement thereon has been reached with the debtor.

(3) The supervisory person of legal protection proceedings in respect of whom the procedural actions referred to in Section 174.2, Paragraph one, Clause 9 of this Law are performed has the following rights:

1) to be present during the performance of procedural actions, to express remarks and requests;

2) to suggest that the status of restricted access information is set with regard to the information or any part thereof to be provided;

3) to become acquainted with the minutes of the procedural action and the documents appended thereto, to recommend corrections and additions;

4) within a month after signing of the minutes of the procedural action referred to in Section 174.3 of this Law, to submit a complaint to the director of the Insolvency Control Service regarding the actions of an official of the Insolvency Control Service.

(4) The supervisory person of legal protection proceedings has the following obligations:

1) to participate in a court hearings in cases of legal protection proceedings;

2) to provide information on legal protection proceedings to the court, creditors, the Insolvency Control Service, and other persons and authorities specified in laws and regulations;

3) to notify, within five days, the responsible institution which maintains the Insolvency Register and the creditors of any changes in the specified contact information;

4) to cooperate with the authorised persons and authorities which, in accordance with laws and regulations of other countries, have the right to implement their powers in legal protection proceedings;

5) to provide reports and materials to law enforcement authorities regarding the facts established in legal protection proceedings which may form the grounds for initiation of criminal proceedings;

6) in the cases specified in this Law, to prepare the evaluation of economic activity of the debtor;

7) in the cases referred to in the Civil Procedure Law, to prepare the evaluation of economic activity of the debtor if an appeal against satisfying the legal protection proceedings has been submitted and no supervisory person of legal protection proceedings has been appointed for the monitoring of the implementation of the plan of measures of legal protection proceedings.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 37.2 Evaluation of Economic Activity**

(1) The purpose of the evaluation of economic activity is to determine whether:

1) the plan of measures of legal protection proceedings places the dissenting creditor in a worse position than an alternative solution if the objections of the creditor regarding the plan of measures of legal protection proceedings indicate its non-compliance with Section 40, Paragraph four, Clause 15 of this Law;

2) a creditor group which has approved the plan of measures of legal protection proceedings through a cross-class cram-down is a creditor group which, upon evaluation of the debtor as an undertaking which continues to perform economic activity or in the event of insolvency proceedings of the debtor, would receive a payment or keep any interest.

(2) The evaluation of economic activity shall be carried out by:

1) the supervisory person of legal protection proceedings appointed in the legal protection proceedings or the most recently appointed supervisory person of legal protection proceedings if no supervisory person of legal protection proceedings has been appointed for the monitoring of the implementation of the plan of measures of legal protection proceedings;

2) another person holding a professional qualification certificate for property evaluation.

(3) The evaluation of economic activity shall, in conformity with its purpose, include the evaluation of the situation, and also provide, as a minimum, the evaluation of:

1) the planned cash flow;

2) the revenue potential;

3) the eligibility of the planned expenses;

4) the property belonging to the debtor.

(4) The person carrying out the evaluation of economic activity shall be selected and the costs shall be covered by:

1) the creditor whose objections indicate non-compliance of the plan of measures of legal protection proceedings with Section 40, Paragraph four, Clause 15 of this Law if the evaluation of the economic activity is carried out for the purpose specified in Paragraph one, Clause 1 of this Section;

2) the debtor if the evaluation of economic activity is carried out for the purpose specified in Paragraph one, Clause 2 of this Section.

(5) If the evaluation of economic activity has been carried out for the purpose specified in Paragraph one, Clause 1 of this Section and non-compliance with this provision has been established, the debtor shall reimburse the expenses incurred by the creditor.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 38. Methods to be Applied in Legal Protection Proceedings**

(1) One or several methods shall be applied in legal protection proceedings:

1) the postponement of the honouring of payment obligations;

2) the alienation of movable property or immovable property or encumbrance with rights in rem in order to achieve the extension of the time limit for meeting the creditors’ claims, or satisfying of the claims of creditors;

3) the increase of the basic capital of the debtor – capital company (including the investing of the right of the creditor to claim against the debtor in the equity capital);

4) reorganisation of the debtor – commercial company (Section 46);

5) other methods which correspond to the objective of legal protection proceedings.

(2) The plan of measures of legal protection proceedings within the scope of the group of creditors and each type of the claim of creditors (principal debt, penalty, or interest) may only provide for proportional repayment or reduction of the principal debt, penalty or interest.

(3) Set-off is permitted if the right to claim of the debtor against the creditor has arisen at least three months prior to the court decision to initiate a case of legal protection proceedings.

(4) The methods to be applied in the legal protection proceedings may be applicable to the claims of an employee for work remuneration, if the employee concerned agrees thereto. The status of creditor shall not be applicable to an employee of the debtor in legal protection proceedings.

(41) If a trade union of employees has been established or authorised representatives of employees have been elected, the methods applicable in the legal protection proceedings which involve laying off at least 25 per cent of employees shall be used if the representatives of employees agree thereto.

(42) The methods applicable in the legal protection proceedings shall not be used with regard to the claims referred to in Chapters IV and V of the Law on Control of Aid for Commercial Activity.

(5) For tax claims, the following shall not be permitted without the consent of the tax administration:

1) the cancellation or reduction of the principal tax debt;

2) the division of the repayment of the principal debt into time limits, the extension of the time limits or the postponement of the time limit for a period exceeding six months;

3) the reduction of late payment charges by more than 50 per cent or the cancellation thereof;

4) the reduction of fines by more than 65 per cent or the cancellation thereof;

5) the division of regular debt payments into time limits, the extension of time limits or the postponement of the time limit.

(6) It is prohibited to apply in legal protection proceedings such methods which restrict the rights of creditors more than is necessary for the successful implementation of the plan of measures of the legal protection proceedings and for the achievement of the objective of the legal protection proceedings referred to in this Law.

(7) The methods of legal protection proceedings shall not be applied in respect of costs of legal protection proceedings as well as in respect of the penalties applied in the administrative offence proceedings and punishments laid down in the Criminal Law.

(8) The principle of proportionality specified in Paragraph two of this Section shall not be applicable to claims for payment of taxes and work remuneration of employees, and also to the indemnification for the damage, unless a relevant consent of the creditor or employee has been received.

(9) The proportionality principle specified in Paragraph two of this Section may not be applied to creditors whose claims do not exceed one per cent of the total amount of the claims of all creditors or to creditors whose goods or provided service cannot be objectively substituted.

(10) If, when applying Paragraph eight or nine of this Section, methods applicable in the legal protection proceedings are not fully applied to the relevant creditor, the status of a creditor shall not apply to the relevant creditor.

[*14 October 2010; 25 September 2014; 5 December 2019; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 39. Replacement of a Claim with Shares or Stocks of the Equity Capital**

(1) If the main claims of non-secured creditors are reduced by more than 10 per cent or cancelled in full, these creditors have the right to request the debtor – capital company – that the amount of the reduced or cancelled claim is replaced by the shares or stocks of the equity capital of the debtor (hereinafter in this Section – the shares).

(2) If, in accordance with the law, creditors have the right to request the debtor – capital company – that the amount of the reduced or cancelled claim is replaced by the shares of the debtor, the debtor – capital company – shall provide for, in the plan of measures of the legal protection proceedings, the increase of the equity capital by the amount by which the main claims of the non-secured creditors have been reduced or cancelled.

(3) If, by increasing the equity capital, the increase is equal to or greater than the existing amount of the equity capital, the equity capital is increased by an amount not exceeding the amount of the existing equity capital, considering the difference between the increase in the equity capital and the total amount of the reduced or cancelled main claim as the surcharge of a share.

(4) Non-secured creditors whose main claims have been reduced by the amount referred to in this Section or extinguished, have the right to acquire new shares proportional to the amount by which the claim of the non-secured creditor has been reduced or cancelled after proclamation of legal protection proceedings, in conformity with the possible surcharge of the shares.

(5) When a non-secured creditor applies for new shares, they are paid by the property investment of the creditor concerned the value of which conforms to the amount of the reduced or cancelled claim of this creditor.

**Section 40. Plan of Measures of Legal Protection Proceedings**

(1) After initiation of a case of legal protection proceedings, the debtor shall immediately send a list of the current creditors to all creditors by indicating the amount of the claim of each creditor and contact information, and also develop a plan of measures of legal protection proceedings which shall be agreed upon with the creditors in accordance with the procedures laid down in this Law and submitted to the court for approval not later than on the day following expiry of the time limit for agreeing specified in Paragraph two of this Section.

(11) When developing a plan of measures of legal protection proceedings, the debtor has the right to convene a creditors’ meeting, choosing one of the types of course of a creditors’ meeting referred to in Section 86, Paragraph 2.2 of this Law.

(2) The plan of measures of legal protection proceedings shall be developed and agreed upon within two months from the day when the time period referred to in Section 37, Paragraph 1.1 or, if applicable, Paragraph 1.2 of this Law has passed. If the effects referred to in Section 37, Paragraph one, Clauses 1, 2, 4, 5, 6, 7, 8, and 9 of this Law are revoked for all creditors, the plan of measures of legal protection proceedings shall be developed and agreed upon within two months from the day when the abovementioned effects have been revoked.

(3) The task of the plan of measures of legal protection proceedings is to ensure that, by implementing legal protection proceedings, the gain of the creditors who did not agree upon the plan is at least as high as that if insolvency proceedings of the debtor were proclaimed at the moment of the approval of such a plan.

(4) The following shall be indicated in the plan of measures of legal protection proceedings:

1) all the payment obligations of the debtor and the grounds thereof, indicating separately the payment obligations of the debtor against the related persons within the meaning of the law On Taxes and Fees, and also the payment obligations of the debtor against the secured creditors;

2) such payment obligations of the debtor the repayment or honouring deadline of which has taken effect prior to the commencement of legal protection proceedings or will take effect during legal protection proceedings, separately indicating the obligations of the debtor for the performance of which the creditors have brought an action in a court, and payment obligations for which the debtor has provided guarantees;

3) the obligations of the debtor which are not payment obligations, but as a result of which the composition of the debtor’s assets change;

4) the timetable for the honouring of the payment obligations of the debtor in respect of each creditor, the repayment or honouring deadline of which has taken effect prior to the commencement of legal protection proceedings or will take effect during the legal protection proceedings;

5) the total amount of the planned revenue of the debtor during the legal protection proceedings and grounds for the forecast of the planned revenue, describing the assumptions on which the planned revenue is based, and also the planned activities for the reduction of the debtor’s payments;

6) the total amount of the planned expenses of the debtor during the legal protection proceedings and grounds for the forecast of the planned expenses, describing the assumptions on which the planned expenses is based, and also the planned activities for the reduction of the debtor’s expenses;

7) the methods to be applied in the legal protection proceedings, and also the grounds for the need of the methods chosen, in order to achieve the implementation of the plan of the legal protection proceedings;

8) the existing and planned types of the basic operation of the debtor;

9) the time period for the implementation of legal protection proceedings;

10) the types of transactions which the debtor may perform without agreeing thereupon with the supervisory person of legal protection proceedings, if he or she is to be appointed, and the amount of such transactions;

11) the procedures by which creditors shall be informed of the results of the activities of the debtor during the implementation of the plan of legal protection proceedings;

12) the information on the candidate for the supervisory person of legal protection proceedings, if applicable, and in conformity with Section 35.1 of this Law, specifying:

a) his or her given name, surname;

b) the personal identity number (if the person does not have a personal identity number – the date of birth, the number and date of issue of a personal identification document, the country and authority which issued the document);

c) the address of the place of practice in Latvia;

d) the telephone number;

e) the electronic mail address;

f) the amount of remuneration;

121) a confirmation of the candidate for the supervisory person of legal protection proceedings, if one shall be appointed, that the restrictions referred to in Section 12.3, Paragraphs two and three of this Law do not apply to him or her;

13) a list of all debtor’s property, including its value, indicating separately a list of the debtor’s pledged property which is necessary for the implementation of the plan of measures of legal protection proceedings and to which restrictions are applicable according to which the secured creditors may not execute their right in respect of the debtor’s property which serves as security for the claims thereof until termination of the legal protection proceedings;

14) compensation for a secured creditor for the restriction of his or her rights during the legal protection proceedings and payments to cover the claim of the secured creditor, and also the procedures for payment of such a type of compensation;

15) a justification that the plan of measures of legal protection proceedings meets the criterion of respecting the interests of creditors or that, when implementing the legal protection proceedings, the benefit of those creditors who have not agreed upon the plan of measures of legal protection proceedings is at least equal to what it would be if the insolvency proceedings of the debtor were proclaimed at the time of plan approval or in the case of applying the next best alternative scenario and not implementing the legal protection proceedings;

151) a description of the debtor’s economic situation or the condition of the employees, indicating, as a minimum, information on the number of employees and the duration of employment relationship, and also information on the causes and extent of the financial difficulties of the debtor;

152) the procedures for informing and consulting the representatives of employees;

153) the planned influence on employment of the debtor’s employees, e.g. information on the reduction of the number or short-term employment of employees;

154) if applicable, information on new financing or financing required for the implementation of the plan of measures of legal protection proceedings, including by specifying the reasons for the need for financing;

155) a justification as to why there are reasonable prospects of preventing the insolvency of the debtor and ensuring the viability of the establishment through the plan of measures of legal protection proceedings, including by outlining the necessary prerequisites for the successful implementation of the plan;

16) a representation that the information in the plan of measures of the legal protection proceedings is true and correct, and the derivatives of the appended documents correspond to their respective originals.

(5) In the plan of measures of legal protection proceedings, preference for persons allocating funds for the implementation of such a plan may be provided for, according to the amount of the funds allocated thereby. If legal protection proceedings are terminated and insolvency proceedings of a legal person are proclaimed concurrently, the advantages acquired shall remain in effect and claims against the debtor arising from the funds allocated for the implementation of the abovementioned plan shall be considered to be expenses of insolvency proceedings. The advantages granted may not affect the interests of the secured creditors.

(6) The following shall be appended to the plan of measures of legal protection proceedings:

1) a report on the forecast of proposed cash flow during the first year of the proceedings, explaining the items of the report in the interval of one month, while for the subsequent years, in the interval of three months;

2) the objections that have been submitted by creditors with regard to the plan of measures of the legal protection proceedings, yet ignored, and also an evidence that the plan of measures of the legal protection proceedings has been delivered to all creditors;

3) [22 December 2016];

4) the opinion of a sworn auditor referred to in Section 43.1 of this Law if such has been prepared;

5) the information referred to in Paragraph four, Clauses 12 and 12.1 of this Section on the candidates for the supervisory person of legal protection proceedings proposed by the creditors if an agreement has not been reached on the candidate for the supervisory person of legal protection proceedings;

6) the opinion of the supervisory person of legal protection proceedings on compliance of the plan of measures of legal protection proceedings with the requirements of this Law, including the feasibility of its implementation and the achievement of the purpose of the legal protection proceedings;

7) if the objections of the creditors indicate that the plan of measures of legal protection proceedings does not comply with Paragraph four, Clause 15 of this Section, the evaluation of economic activity of the debtor prepared by the person referred to in Section 37.2, Paragraph two of this Law;

8) the assessment of the supervisory person of legal protection proceedings regarding the conformity of the creditors who are not subject to the proportionality principle with Section 38, Paragraph nine of this Law.

(7) In comparison with other creditors, significantly unfavourable provisions in the plan of measures of legal protection proceedings, in respect of a separate creditor, may only be provided for with the consent of the respective creditor.

(8) The debtor has an obligation to deliver to the creditors whose claims prima facie have been recognised as invalid the opinion of the supervisory person of legal protection proceedings on the plan of measures of legal protection proceedings concurrently with submitting the plan of measures of legal protection proceedings to the court, and also immediately inform the creditors of the day when the application for legal protection proceedings will be examined.

[*25 September 2014; 22 December 2016; 31 May 2018; 5 June 2020; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 41. Protection of the Interests of Secured Creditors During Legal Protection Proceedings**

(1) Unless the secured creditor has declined, the following provisions shall be complied with regarding him or her:

1) a claim of the secured creditor shall not be extinguished or reduced without his or her consent, except for the part of the claim exceeding the amount of a registered mortgage or the limit of liability for a commercial pledge, and also the part of ancillary claims expressed in percentage exceeding the statutory interest;

2) amendments to the plan of measures of legal protection proceedings shall provide for the following:

a) the procedures for fulfilling the debtor’s obligations arising from a contract towards the secured creditor which the debtor has not fulfilled prior to commencing the legal protection proceedings and the deadline of which sets in during the legal protection proceedings, providing for a proportional distribution of the total amount of the relevant obligations over the period of implementing the legal protection plan by months;

b) the regular payments arising from a contract or the statutory interest due to the secured creditor.

(2) Expenses arising if the pledged property included in the plan of measures of legal protection proceedings is damaged or the value thereof is reduced, are the expenses of insolvency proceedings in the amount of the value of the pledged property of the claim of the secured creditor or the reduction thereof.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 42. Agreeing upon the Plan of Measures of Legal Protection Proceedings**

(1) The debtor shall transfer the plan of legal protection proceedings to all creditors, inviting them to give consent for this plan and indicating a time limit for agreeing thereupon. If the debtor requires the consent of the tax administration for the implementation of the plan of measures of legal protection proceedings, the deadline for reaching an agreement with the tax administration shall not be less than 21 days from the day when the plan of measures of legal protection proceedings is considered to be submitted to the tax administration.

(2) Voting on the plan of measures of legal protection proceedings take place separately within the following groups of creditors:

1) secured creditors in the secured part of their claims;

2) non-secured creditors, and secured creditors in the unsecured part of their claims.

(3) A plan of measures of legal protection proceedings is agreed upon if it is supported:

1) in a group of secured creditors – by the secured creditors whose main claims in aggregate form two-thirds of the total amount of the main claims of secured creditors, certifying their consent by signature;

2) in a group of non-secured creditors – by the non-secured creditors whose main claims in aggregate form more than half of the total amount of the main claims of non-secured creditors, certifying their consent by signature.

(31) If the plan of measures of legal protection proceedings has not been agreed upon in conformity with Paragraph three of this Section, the debtor may request the court to approve the plan of measures of legal protection proceedings through a cross-class cram-down if all the following criteria are met:

1) the plan of measures of legal protection proceedings has been developed in accordance with Sections 40 and 41 of this Law and has been submitted for agreement to all creditors in accordance with Paragraph one of this Section;

2) the plan of measures of legal protection proceedings has been approved by at least one creditor group, except for one which, upon evaluation of the debtor as an undertaking which continues to perform economic activity or in the event of insolvency proceedings of the debtor, would not receive any payment or would not keep any interest;

3) the plan of measures of legal protection proceedings ensures that the dissenting group of creditors will be in at least as favourable a situation as the assenting group of creditors;

4) none of the creditor groups may receive or retain more than the amount of their claims or full interest.

(4) If a creditor has not provided a written response during the period of agreeing upon the plan of measures of legal protection proceedings, it shall be considered that the creditor in question has not given consent to the implementation of the legal protection proceedings.

(5) A creditor has the right to submit written objections to the debtor in respect of the plan of measures of legal protection proceedings within five days after receipt thereof. If the submitted objections are acknowledged as justified, the debtor shall amend the plan of measures of legal protection proceedings accordingly. The debtor shall immediately initiate the actions referred to in Section 43.1 of this Law regarding any disregarded objections and include the disregarded objections with the agreed plan of measures of legal protection proceedings.

(51) For the purposes of assessment of the plan of measures of legal protection proceedings, the creditors and representatives of employees have the right to request additional information and the debtor has the obligation to provide such information, except for information the unrestricted disclosure of which could harm the lawful interests of the debtor or creditors.

(6) The following persons are not entitled to implement the right of a creditor in respect of agreeing upon the plan of measures of legal protection proceedings:

1) persons who are incorporated in one group of companies with the debtor;

2) natural persons who, as participants, have a decisive influence on the debtor – capital company;

3) persons who have acquired the right to claim against a debtor from the persons referred to in Clauses 1 and 2 of this Paragraph within the last two years prior to agreeing upon the plan of measures of legal protection proceedings.

(61) The claims of the creditors referred to in Paragraph six of this Section are not included in the total principal amount claimed by creditors which is the basis for calculating the number of votes required for agreeing upon the plan of measures of legal protection proceedings.

(7) If the insolvency proceedings specified in Article 3(2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia, the plan of measures of legal protection proceedings shall be agreed upon in writing with the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council.

[*25 September 2014; 22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 43. Opinion of the Supervisory Person of Legal Protection Proceedings on the Plan of Measures of Legal Protection Proceedings**

(1) Prior to handing over the plan of measures of legal protection proceedings to the creditors and the submission thereof for approval to a court, the supervisory person of legal protection proceedings shall provide an opinion on this plan.

(11) The supervisory person of legal protection proceedings shall deliver the opinion on the plan of measures of legal protection proceedings to the debtor for the submission thereof to the court.

(2) The supervisory person of legal protection proceedings shall provide in his or her opinion an assessment of the conformity of the plan of measures of legal protection proceedings with the requirements of Sections 38, 40, and 42 of this Law. The supervisory person of legal protection proceedings shall provide in his or her opinion an assessment of the fact whether the prepared plan is feasible and whether it would achieve the purpose of legal protection proceedings specified in the law.

(3) The supervisory person of legal protection proceedings shall, upon his or her own initiative, if the respective information is at his or her disposal, express a reasoned view in the opinion as to whether the claim of creditor indicated in the plan of measures of legal protection proceedings and in the documents appended thereto is prima facie justified. If the supervisory person of legal protection proceedings has evidence at his or her disposal attesting that the claims are prima facie are unjustified, the supervisory person of legal protection proceedings shall append it to the opinion.

(4) If the supervisory person of legal protection proceedings recognises in his or her opinion any of the claims as prima facie unjustified, his or her opinion shall be handed over to the debtor who shall in turn immediately inform the relevant creditor.

(5) The debtor or the creditor whose claim has been recognised as prima facie unjustified by the supervisory person of legal protection proceedings has the right to, not later than three days prior to the day of the examination of the application for legal protection proceedings, submit to the court evidence of the validity of the claim of the creditor.

(6) If the supervisory person of legal protection proceedings establishes that the plan of measures of legal protection proceedings contains liabilities which raise reasonable doubt, or the supervisory person of legal protection proceedings suspects that the documents appended to the plan might be forged, he or she shall provide the relevant information to the responsible State authorities.

[*25 September 2014; 22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 43.1 Opinion of a Sworn Auditor on the Objections of the Creditors**

(1) If the debtor has not taken into account the objections made by the creditors to the plan of measures of legal protection proceedings, an independent sworn auditor who is not the supervisory person of legal protection proceedings shall evaluate these objections and provide his or her opinion on them.

(2) If the objections of the creditors refer to the validity of the claim of the creditor, the sworn auditor shall express a reasoned view in his or her opinion as to whether the claim of the creditor indicated in the plan of measures of legal protection proceedings and in the documents appended thereto is prima facie justified.

(3) If the sworn auditor recognises any of the claims as prima facie unjustified, he or she shall hand over the opinion to the debtor who shall in turn immediately inform the relevant creditor.

(4) The debtor or the creditor whose claim has been recognised as prima facie unjustified by the sworn auditor has the right, not later than three days prior to the day of the examination of the application for legal protection proceedings, to submit to the court evidence of the validity of the claim of the creditor.

(5) If the sworn auditor establishes that the plan of measures of legal protection proceedings contains liabilities which raise reasonable doubt, or suspects that the documents appended to the plan might be forged, he or she shall provide the relevant information to the responsible State authorities.

(6) Any costs related to the provision of the opinion of a sworn auditor shall be financed by the creditors whose objections have formed the grounds for the commencement of the activities specified in this Section.

[*22 December 2016*]

**Chapter VII**

**Implementation of Legal Protection Proceedings**

**Section 44. Pre-Conditions for the Implementation of Legal Protection Proceedings**

Legal protection proceedings are implemented in respect of the debtor if:

1) the plan of measures of legal protection proceedings has been agreed upon in accordance with the procedures and time limit laid down in this Law;

2) the court has approved the plan of measures of legal protection proceedings and has given the ruling that the legal protection proceedings of the debtor shall be implemented.

**Section 45. Effects of the Implementation of Legal Protection Proceedings**

(1) A plan of measures of legal protection proceedings is in effect from the day when it has been approved by court. A plan of measures of legal protection proceedings shall be mandatory and shall also be binding to creditors who have not given their consent.

(2) After proclamation of the implementation of legal protection proceedings, secured creditors may not exercise their right in respect of the debtor’s pledged property provided for in the plan of measures of the legal protection proceedings and listed as required for the implementation of the plan of measures of legal protection proceedings until termination of the legal protection proceedings.

(3) After proclamation of the implementation of legal protection proceedings, secured creditors may exercise their right in respect of the debtor’s pledged property which is not required for the implementation of the plan of measures of legal protection proceedings and is not subject to restrictions.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 46. Reorganisation Within the Scope of Legal Protection Proceedings**

(1) The reorganisation of the debtor – commercial company – within the scope of legal protection proceedings is only possible if it is provided for in the plan of measures of the legal protection proceedings.

(2) Reorganisation of the debtor – commercial company – takes place in accordance with the requirements laid down in the law governing the activity of commercial companies, insofar as it is not laid down otherwise in this Section.

(3) Creditors do not have the right to request security during the process of reorganisation of the debtor – commercial company.

(4) The supervisory person of legal protection proceedings, if appointed, the creditor, and the shareholder (stockholder) of the debtor – commercial company – may submit an application to the court for recognition of the decision of a meeting of shareholders (stockholders) of the debtor – commercial company – on reorganisation as invalid if it has been taken in violation of this Law or does not conform to the plan of measures of legal protection proceedings.

(5) The court which has approved the plan of measures of legal protection proceedings shall examine the application referred to in Paragraph four of this Section.

(6) Such a type of reorganisation as a result of the implementation of which the debtor ceases to exist, except for the transformation of the debtor, may not be applied within the scope of legal protection proceedings.

[*22 December 2016; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 47. Amendment of the Plan of Measures of Legal Protection Proceedings**

The debtor shall agree upon amendments to the plan of measures of legal protection proceedings with the creditors in accordance with the procedures laid down in Section 42 of this Law and, together with the opinion of the supervisory person of legal protection proceedings, submit them to the court for approval.

(2) If no supervisory person of legal protection proceedings has been appointed for monitoring the implementation of the plan of measures of legal protection proceedings, the majority of creditors specified in Section 42, Paragraph three of this Law may request that the debtor includes in the amendments to the plan of measures of legal protection proceedings the opinion of the most recently appointed supervisory person of legal protection proceedings on compliance of the prepared amendments with the requirements of this Law, including the feasibility of their implementation and achievement of the purpose of the legal protection proceedings.

[*22 December 2016; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 48. Time Limit for the Implementation of Legal Protection Proceedings**

(1) The time limit for the implementation of legal protection proceedings shall be determined as not exceeding two years from the day of entering into effect of the court ruling on the implementation of legal protection proceedings. The time limit for the implementation of legal protection proceedings may be determined to be longer but not exceeding four years, provided that such need is clarified in the plan of measures of legal protection proceedings.

(2) The time limit referred to in Paragraph one of this Section may be extended by additional two years, if the majority of the creditors specified in Section 42, Paragraph three of this Law agree thereto. In such a case the provisions of Section 47 of this Law regarding the amending of the plan of measures of legal protection proceedings shall be applicable to the debtor.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 49. Restrictions on the Activities and the Obligations of the Debtor**

(1) The debtor is prohibited from the following during the implementation of legal protection proceedings:

1) entering into any transactions or performing activities which may deteriorate the financial situation thereof or harm the overall interests of the creditors;

2) issuing loans (credits), except for the cases when the issuance of loans (credits) is the basic activity of the debtor and this has been entered in the plan of measures of legal protection proceedings;

3) giving guarantees, giving presents or donating, awarding bonuses to members of the executive board and supervisory board of the debtor or other type of additional financial remuneration;

4) alienating or encumbering an immovable property with rights in rem, except for the cases where this is provided for in the plan of measures of legal protection proceedings;

5) dividing and paying dividend profits;

6) performing financial obligations which are not included in the plan of measures of legal protection proceedings.

(2) The debtor may, by agreeing upon with the supervisory person of legal protection proceedings, if appointed, in writing and without making any amendments to the plan of measures of legal protection proceedings, fulfil the payment obligations (payment of invoices) which are not included in the plan of measures of legal protection proceedings if during the implementation of legal protection proceedings these payments in total do not exceed two per cent of the total amount of the claims of creditors at the moment of the approval of the plan of measures of legal protection proceedings.

(3) The debtor shall have the following obligations during legal protection proceedings:

1) to implement the plan of measures of legal protection proceedings;

2) to shift all profits towards the implementation of legal protection proceedings;

3) to cover the costs of legal protection proceedings;

4) to notify the supervisory person of legal protection proceedings or the creditors, if a supervisory person of legal protection proceedings has not been appointed, of the implementation of the plan of measures of legal protection proceedings in writing, at least once a month;

5) upon request of the supervisory person of legal protection proceedings, if appointed, to immediately provide him or her in writing with all information on the implementation of the plan of measures of legal protection proceedings and to ensure a possibility to inspect economic activity and documents of the debtor in person;

6) upon request of the creditor, if no supervisory person of legal protection proceedings has been appointed in the legal protection proceedings, to provide him or her with all information on the implementation of the plan of measures of legal protection proceedings;

7) to notify immediately the supervisory person of legal protection proceedings, if appointed, of any circumstances due to which the debtor will not be able to implement the plan of measures of legal protection proceedings;

8) to notify the supervisory person of legal protection proceedings, if appointed, of change in the legal address thereof and any other changes to be entered in the public registers;

9) to notify the creditor and the court, if no supervisory person of legal protection proceedings has been appointed in the legal protection proceedings, of change in his or her legal address;

10) to notify the supervisory person of legal protection proceedings, if appointed, of any significant events in the activities of the debtor;

11) to submit an approved plan of measures of legal protection proceedings to the responsible authority which maintains the Insolvency Register within five days after proclamation of the ruling on the implementation of legal protection proceedings if no supervisory person of legal protection proceedings has been appointed in the legal protection proceedings;

12) to submit amendments to the plan of measures of legal protection proceedings approved by court to the responsible authority which maintains the Insolvency Register within five days after the court decision on the approval of amendments to the plan of measures of legal protection proceedings has been taken if no supervisory person of legal protection proceedings has been appointed in the legal protection proceedings.

[*22 December 2016; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 50. Activities of the Supervisory Person of Legal Protection Proceedings, if Appointed, during Legal Protection Proceedings**

(1) In order to ensure lawful and efficient legal protection proceedings, the supervisory person of legal protection proceedings shall perform the supervision of the activities of the debtor according to the purpose of the protection proceedings, the plan of measures of legal protection proceedings, and the requirements of laws and regulations.

(2) The supervisory person of legal protection proceedings:

1) within five days after proclamation of the ruling on the implementation of legal protection proceedings, shall submit an approved plan of measures of legal protection proceedings to the responsible authority which maintains the Insolvency Register;

2) within five days after the court decision on the approval of amendments to the plan of measures of legal protection proceedings has been taken, shall submit amendments to the plan of measures of legal protection proceedings approved by court to the responsible authority which maintains the Insolvency Register;

3) shall supervise the implementation of the plan of measures of legal protection proceedings;

4) shall request and receive from the debtor all information on the legal protection proceedings and economic activity;

5) shall inform the creditors, upon their request, of the implementation of the plan of measures of legal protection proceedings and examine the complaints submitted.

(3) The supervisory person of legal protection proceedings has the following rights:

1) to request and receive from the debtor and representatives thereof the information necessary for the legal protection proceedings;

2) to request and receive from other competent persons and authorities the information at their disposal which is related to the conduct of legal protection proceedings;

3) to become acquainted with the financial situation and all the documents of the debtor, and also to request and receive all the documents;

4) to provide information on his or her education and qualification in electronic form to the Insolvency Control Service for publication on the website, except for the case when such information has already been provided within the corresponding legal protection proceedings on the basis of Section 37.1, Paragraph three, Clause 4 of this Law. The submitter of information shall ensure that the information submitted for publication is presented in accordance with the requirements for drawing up of documents laid down in laws and regulations and corresponds to the requirements for official secret, restricted access information, and also personal data protection.

(4) The supervisory person of legal protection proceedings in respect of whom the procedural actions specified in Section 174.2, Paragraph one, Clause 9 of this Law are performed has the following rights:

1) to be present during the performance of procedural actions, to express remarks and requests;

2) to suggest that the status of restricted access information is set with regard to the information or any part thereof to be provided;

3) to become acquainted with the minutes of the procedural action and the documents appended thereto, to recommend corrections and additions;

4) within a month after signing of the minutes of the procedural action referred to in Section 174.3 of this Law, to submit a complaint to the director of the Insolvency Control Service regarding the actions of an official of the Insolvency Control Service.

(5) The supervisory person of legal protection proceedings has the following obligations:

1) to participate in a court hearings in cases of legal protection proceedings;

2) to provide information on the legal protection proceedings to the court, creditors, the Insolvency Control Service, and other persons and authorities specified in laws and regulations;

3) to notify, within five days, the responsible institution which maintains the Insolvency Register and the creditors of any changes in the contact information specified in the plan of measures of legal protection proceedings;

4) to cooperate with the authorised persons and authorities which, in accordance with laws and regulations of other countries, have the right to implement their powers in legal protection proceedings;

5) to provide reports and materials to law enforcement authorities regarding the facts established in legal protection proceedings which may form the grounds for initiation of criminal proceedings.

[*22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 51. Termination of Legal Protection Proceedings**

(1) A court shall terminate legal protection proceedings if:

1) the majority of creditors specified in Section 42, Paragraph three of this Law have not supported the plan of measures of the legal protection proceedings in accordance with the procedures laid down in this Law;

2) the plan of measures of the legal protection proceedings does not conform to the requirements of this Law.

(2) A court shall terminate legal protection proceedings and proclaim insolvency proceedings of a legal or natural person:

1) if a case of legal protection proceedings has been initiated with regard to the debtor for the second time within a year but implementation of legal protection proceedings has not been declared;

2) upon receipt of an application of the creditor if the feature referred to in Paragraph three, Clause 2 of this Section is present;

3) upon receipt of an application of a representative of the majority of creditors specified in Section 42, Paragraph three of this Law if any of the features referred to in Paragraph three of this Section is present.

(3) The supervisory person of legal protection proceedings, if appointed, has an obligation to immediately inform the creditors of the following:

1) when implementing the legal protection proceedings, a debtor has not performed the activities specified in this Law or has provided false information;

2) the debtor has not implemented the plan of measures of legal protection proceedings for more than 30 days and has not submitted the amendments to this plan to the court;

3) the debtor violates the restrictions of action specified in this Law.

(4) The debtor shall submit the application for the termination of legal protection proceedings to court, if he or she has implemented the plan of measures of legal protection proceedings.

(5) The debtor shall submit the application for insolvency proceedings to the court, concurrently requesting termination of legal protection proceedings if he or she is unable to honour the obligations specified in the plan of measures of legal protection proceedings (Section 57, Paragraph one, Clause 9).

(6) The supervisory person of legal protection proceedings or the debtor, if no supervisory person of legal protection proceedings has been appointed, shall, not later than within five days after the court has taken the decision to terminate legal protection proceedings, send a true copy of the abovementioned decision to the following:

1) the relevant public register, appending an application for making an entry on the deletion of the notation of insolvency;

2) the bailiff who is managing the enforcement cases regarding the recovery of the amounts adjudged but not yet recovered from the debtor and cases regarding the honouring of the debtor’s obligations through the court.

(7) Paragraph six of this Section is not applied if legal protection proceedings have been terminated by proclaiming insolvency proceedings of a legal or natural person.

[*25 September 2014; 22 December 2016; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 52. Effects of the Termination of Legal Protection Proceedings**

(1) The termination of legal protection proceedings after implementation of the plan of measures of legal protection proceedings is justification for the termination of the restriction of action of the debtor specified in legal protection proceedings and of the use of the methods applied in these proceedings.

(2) If the majority of creditors specified in Section 42, Paragraph three of this Law have not supported the plan of measures of legal protection proceedings in accordance with the procedures and within the time limit laid down in this Law and legal protection proceedings are terminated, the restrictions referred to in Section 37 of this Law shall be terminated and the suspended amount of the penalty, interest and late payment charges for non-honoured obligations are calculated in the full amount.

**Chapter VIII**

**Extrajudicial Legal Protection Proceedings**

**Section 53. Extrajudicial Legal Protection Proceedings**

(1) The debtor has the right to concurrently submit an application for the initiation of a case of legal protection proceedings and request the court to proclaim the implementation of legal protection proceedings, if the following conditions exist:

1) the debtor has drawn up a plan of measures of legal protection proceedings in accordance with the provisions of Sections 38 and 40 of this Law;

2) the majority of creditors specified in Section 42, Paragraph three of this Law have agreed upon the plan of measures of legal protection proceedings;

3) the majority of creditors specified in Section 42, Paragraph three of this Law who have requested the appointing of the supervisory person of legal protection proceedings have agreed with the supervisory person of legal protection proceedings and the debtor on the supervisory person of legal protection proceedings in the plan of measures of extrajudicial legal protection proceedings;

4) the debtor has received an opinion of the supervisory person of legal protection proceedings (Section 43);

5) the debtor has sent the agreed plan of measures of the legal protection proceedings to those creditors who have not agreed upon this plan, concurrently with the submission thereof for approval to court.

(2) The norms of this Law shall be applied to extrajudicial legal protection proceedings, unless otherwise laid down in this Chapter.

(3) The plan of legal protection proceedings in extrajudicial legal protection proceedings shall not affect the interests of the tax administration, if the consent of the tax administration is necessary for the implementation of this plan (Section 38).

[*22 December 2016; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 54. Supervisory Person of Legal Protection Proceedings in Extrajudicial Legal Protection Proceedings**

(1) The supervisory person of legal protection proceedings shall be appointed by a court in extrajudicial legal protection proceedings in accordance with:

1) the recommendation of the debtor if the debtor is requesting an approval of the plan of measures of extrajudicial legal protection proceedings in accordance with the procedures laid down in Section 42, Paragraph 3.1 of this Law;

2) the agreement of the majority of creditors specified in Section 42, Paragraph three of this Law, the supervisory person of legal protection proceedings, and the debtor if the majority of creditors specified in Section 42, Paragraph three of this Law have requested the appointment of the supervisory person of legal protection proceedings.

(2) An agreement of the majority of creditors specified in Section 42, Paragraph three of this Law with the supervisory person of legal protection proceedings and the debtor on the choice of the supervisory person of legal protection proceedings (Section 53, Paragraph one, Clause 3) shall be considered reached if the plan of measures of extrajudicial legal protection process has been agreed upon by the majority of creditors specified in Section 42, Paragraph three of this Law.

[*22 December 2016; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 55. Effects of the Approval of a Plan of Measures of Extrajudicial Legal Protection Proceedings**

The effects referred to in Sections 37 and 45 of this Law shall take effect after the court having approved the plan of measures of extrajudicial legal protection proceedings.

**Division C**

**Insolvency Proceedings of a Legal Person**

**Chapter IX**

**General Provisions of Insolvency Proceedings of a Legal Person**

**Section 56. Subjects of Insolvency Proceedings of a Legal Person**

Insolvency proceedings of a legal person shall be applied in respect of a legal person, a partnership, a person registered in a foreign country who performs permanent economic activity in Latvia, and the special subjects specified in this Law (hereinafter in this Division – the debtor).

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 57. Features of Insolvency Proceedings of a Legal Person**

(1) Insolvency proceedings of a legal person shall be applied to the debtor if any of the following features of insolvency proceedings of a legal person exists:

1) the court ruling on the recovery of debt from the debtor could not have been enforced by applying means of compulsory execution;

2) the debtor – a limited liability company or a joint-stock company – has not honoured one or more debt obligations from which the principal debt amount separately or in total exceeds EUR 4268 and the deadline of which has expired and the creditor or creditors have issued or sent a warning paid by the sender to the legal address of the debtor regarding their intention to submit the application for the insolvency proceedings of a legal person, and the debtor has not paid their debt or raised justified objections to the claim within three weeks following the handing over of the warning to the postal operator;

3) the debtor – another subject referred to in Section 56 of this Law – has not honoured one or more debt obligations from which the principal debt amount separately or in total exceeds EUR 2134 and the deadline of which has expired and the creditor or creditors have issued or sent a warning paid by the sender to the legal address of the debtor regarding their intention to submit the application for the insolvency proceedings of a legal person, and the debtor has not paid their debt or raised justified objections to the claim within three weeks following the handing over of the warning to the postal operator;

4) the debtor has not paid an employee the work remuneration in full, compensation for damages in connection with an accident at work or an occupational disease or has not made the mandatory social insurance payments within two months after the day specified for payment. Unless the day of payment of work remuneration is specified in the employment contract, this day shall be considered to be the first working day of the following month;

5) the debtor has not honoured its obligations which are past due for more than two months;

6) according to the initial financial report of liquidation, the debtor has insufficient assets to satisfy all the justified claims of creditors, or this condition is discovered during the course of liquidation;

7) the condition referred to in Section 51, Paragraph two of this Law has taken effect;

8) one of the cases referred to in Section 51, Paragraph three of this Law has taken effect;

9) the condition referred to in Section 51, Paragraph five of this Law has taken effect.

(2) The handing over of the warning referred to in Paragraph one, Clauses 2 and 3 of this Section may be proved also with a statement drawn up by a sworn bailiff stating a refusal to receive the warning.

[*12 September 2013; 25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 58. Publicity of a Case of Insolvency Proceedings of a Legal Person**

(1) The responsible authority shall enter the following information in the Insolvency Register on a case of insolvency proceedings of a legal person:

1) the debtor’s firm name (name);

2) the debtor’s registration number;

3) the debtor’s legal address;

4) the date when insolvency proceedings of a legal person have been declared in the court, the name of the court, the case number and, if applicable, also the time period within which a complaint referred to in Article 5 of Regulation No 2015/848 of the European Parliament and of the Council is to be submitted;

5) the given name, surname and the number of office certificate of the administrator appointed to the case;

6) the given name, surname, the number of office certificate and the period of validity of the authorisation of the authorised administrator;

7) if applicable, also the given name, surname, address of the place of practice, telephone number, or electronic mail address of the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council;

8) the time limit for the application by creditors;

9) the address, date and time of the creditors’ meeting;

10) if applicable, also the type of insolvency proceedings in accordance with Article 3(1), (2) or (4) of Regulation No 2015/848 of the European Parliament and of the Council;

11) the date of the termination of legal protection proceedings of a legal person, the name of the court, and the justification;

12) the date of submitting the plan for the sale of a debtor’s property;

13) the date of making the entry.

(2) The information referred to in Paragraph one of this Section may be published also in other registers, information systems, or databases.

[*25 September 2014; 22 December 2016; 31 May 2018*]

**Section 59. Appointing of Administrator to Insolvency Proceedings of a Legal Person**

(1) A candidate for the office of the administrator in specific insolvency proceedings of a legal person shall be selected from the List of Candidates, using an automated selection provided by the Court Information System.

(2) Information on a candidate for the office of the administrator who is selected from the List of Candidates, using automated selection provided by the Court Information System, shall be communicated to Latvijas Banka if this candidate is recommended to a financial market participant whose supervision is performed by Latvijas Banka in accordance with the requirements of laws and regulations.

[*31 May 2018; 16 March 2023*]

**Chapter X**

**Application for Insolvency Proceedings of a Legal Person**

**Section 60. Persons who may Submit the Application for Insolvency Proceedings of a Legal Person**

(1) The application for insolvency proceedings of a legal person may be submitted in the cases provided for in this Law by:

1) a creditor or creditors if any of the features of insolvency proceedings of a legal person referred to in Section 57, Paragraph one, Clause 1, 2, 3, or 4 of this Law exists;

11) a creditor or creditors if the feature referred to in Section 51, Paragraph three, Clause 2 of this Law is present;

12) a representative of the majority of creditors specified in Section 42, Paragraph three of this Law if any of the features referred to in Section 51, Paragraph three of this Law is present;

2) the debtor if any of the features of insolvency proceedings of a legal person referred to in Section 57, Paragraph one, Clause 5, 6, or 9 of this Law is present;

3) the person referred to in Article 37(1)(a) of Regulation No 2015/848 of the European Parliament and of the Council in order to initiate insolvency proceedings specified in Article 3(2) of this Regulation against the debtor;

4) [22 December 2016].

(2) An employee who has or has had employment relationship with the debtor may submit the application for insolvency proceedings of a legal person in accordance with the feature of insolvency proceedings referred to in Section 57, Clause 4 of this Law.

(3) The debtor has an obligation to submit the application for insolvency proceedings of a legal person without delay, if any of the features of insolvency proceedings of a legal person referred to in Section 57, Paragraph one, Clause 5, 6, or 9 of this Law exists. If the feature referred to in Section 57, Paragraph one, Clause 5 of this Law exists, the debtor has an obligation to submit the application for insolvency proceedings of a legal person in cases when no agreement has been reached with the creditors or a case of legal protection proceedings has not been initiated.

(4) The application for insolvency proceedings of a legal person shall be submitted to court in accordance with the procedures laid down in the Civil Procedure Law.

[*25 September 2014; 22 December 2016; 31 May 2018*]

**Section 61. Restrictions on the Submission of the Application for Insolvency Proceedings of a Legal Person**

(1) A secured creditor may not submit the application for insolvency proceedings of a legal person.

(11) The prohibition specified in Paragraph one of this Section shall not apply and the secured creditor is entitled to submit the application for insolvency proceedings of a legal person if the Commercial Register Office or tax administration has taken the decision to terminate the operation of the company.

(2) If a claim is not secured in full, the application for insolvency proceedings of a legal person may be submitted by a secured creditor only to the extent of the non-secured part of the claim.

(3) A non-secured creditor is not entitled to submit the application for insolvency proceedings of a legal person, if legal protection proceedings have been initiated or are being initiated in respect of the debtor.

[*16 March 2023*]

**Section 62. Deposit for Insolvency Proceedings of a Legal Person**

(1) A precondition for the submission of the application for insolvency proceedings of a legal person shall be the payment of a deposit for insolvency proceedings of a legal person in the amount of two minimum monthly wages into an account specially created by the Insolvency Control Service.

(2) The objective of the deposit for insolvency proceedings of a legal person is to meet the costs of insolvency proceedings of a legal person if the debtor has no property or its value is lower than the deposit amount, and the creditors have not decided to use another source of financing.

(21) The administrator has an obligation, immediately after declaration of insolvency proceedings of a legal person but not later than until submission of the application for the termination of insolvency proceedings of a legal person to the court, to submit a submission to the Insolvency Control Service for the disbursement of a deposit for insolvency proceedings of a legal person if insolvency proceedings of a legal person have been declared according to the debtor’s application for insolvency proceedings.

(3) The deposit may be used if the debtor has no property or its value is lower than the deposit amount and insolvency proceedings of a legal person are terminated based on the creditors having not decided on the use of another source of financing.

(4) If insolvency proceedings of a legal person are not proclaimed or are financed from debtor’s funds, or creditors decide to continue insolvency proceedings of a legal person, the deposit shall be repayable to the submitter of the application for insolvency proceedings of a legal person.

(5) The deposit for insolvency proceedings of a legal person is not repaid to the submitter of the application for insolvency proceedings of a legal person in the following cases:

1) the application for insolvency proceedings of a legal person has been unjustified or deliberately false;

2) the creditor, upon receiving the settlement of the claim thereof, does not revoke the application for insolvency proceedings of a legal person and the court holds a sitting for the examination of the case of the insolvency proceedings of a legal person;

3) if an application for the disbursement of a deposit for insolvency proceedings of a legal person is not submitted within a year after occurrence of the cases referred to in Paragraph three or four of this Section;

4) if the administrator fails to perform the duty specified in Paragraph 2.1 of this Section until submission of an application for the termination of insolvency proceedings of a legal person to the court.

(6) In the cases specified in Paragraph five of this Section, the deposit paid shall be transferred to the Treasury.

(7) [22 December 2016]

(71) A court may fully or partly exempt an employee from the payment of the insolvency proceedings deposit, if he or she submits the application for insolvency proceedings after that when, by applying enforcement measures, it was not possible to fulfil a court ruling on the recovery of debt from the debtor, and the employee, taking into account his or her financial situation, is not able to pay in the insolvency proceedings deposit.

(72) If costs of the insolvency proceedings of a legal person cannot be covered from debtor’s funds in the case referred to in Paragraph 7.1 of this Section and the creditors have not decided to use another source of financing, the costs of insolvency proceedings of a legal person shall be covered from the funds of the employee claim guarantee fund.

(73) [31 May 2018 / See Paragraph 65 of Transitional Provisions]

(74) In the case referred to in Paragraph 7.1 of this Section, the costs of insolvency proceedings of a legal person are covered according to the procedures and in the amounts equal to the payment of the deposit for insolvency proceedings of a legal person.

(8) The Cabinet shall determine the procedures by which a deposit for insolvency proceedings of a legal person shall be paid into the account specially created by the Insolvency Control Service and disbursed to the submitter of the application for insolvency proceedings of a legal person, the administrator, or to the Treasury.

[*25 September 2014; 22 December 2016; 31 May 2018 / The norm of Paragraph one regarding payment of insolvency proceedings deposit insofar as it is applicable to the employees whose sole means of legal protection are proclamation of the employer as insolvent has been recognised as non-conforming to the first sentence of Section 92 of the Constitution of the Republic of Latvia by the Constitution Court judgment of 20 April 2012 which shall enter into effect on 24 April 2012. Amendment to Paragraph 7.2 shall come into force on 1 January 2019. See Paragraph 65 of Transitional Provisions*]

**Chapter XI**

**Effects of the Proclamation of Insolvency Proceedings of a Legal Person**

**Section 63. Effects of the Proclamation of Insolvency Proceedings of a Legal Person**

(1) After proclamation of insolvency proceedings of a legal person:

1) the debtor shall lose the right to act with all his or her property, and also with the property of third persons that is in the possession or holding of the debtor, and such a right shall be acquired by the administrator;

2) the activity of the administrative bodies of the debtor is suspended and the administration of the debtor is performed by the administrator;

3) the increase in interest for the use of the loan (credit), the lawful increase in interest, the increase in the penalty (including the penalty increment expressed in per cent), the increase in the late payment charges (the calculation of the late payment charges which are determined as an interest payment for missing the deadline for the payment of tax, fee, and fine payments, including the calculation of the late payment charges which have been calculated as unlawful aid for commercial activity, is suspended for tax claims), and the increase in the interest for the recovery of unlawful aid for commercial activity ceases;

4) two months from the day after proclamation of insolvency proceedings of a legal person, a secured creditor is prohibited from requesting the sale of the debtor’s pledged property.

(2) If enforcement of a judgment is commenced prior to the proclamation of insolvency proceedings of a legal person, it shall be terminated in accordance with the procedures laid down in the Civil Procedure Law. After proclamation of insolvency proceedings of a legal person, the creditors shall submit claims to the administrator in accordance with the procedures laid down in this Law.

(3) The obligations of the debtor whose period of honouring has taken effect after the day when insolvency proceedings of a legal person have been proclaimed shall be considered to be such whose period of honouring has taken effect on the day of the proclamation of insolvency proceedings of the legal person.

(4) The judgement of the court proclaiming insolvency proceedings of a legal person is the grounds for a stay of proceedings in claims that have been raised against the debtor and which are financial in nature.

(5) The judgement of the court proclaiming insolvency proceedings of a legal person is the grounds for revoking the securing of claims in accordance with the procedures laid down in the Civil Procedure Law.

[*25 September 2014; 16 March 2023*]

**Section 64. Powers of the Administrator after Proclamation of Insolvency Proceedings of a Legal Person**

(1) After proclamation of insolvency proceedings of a legal person:

1) the administrator has all the rights, duties, and responsibilities of administrative bodies provided for in laws and regulations, the articles of association of the debtor, or in contracts;

2) the administrator shall, not later than until the drawing up of the plan for the sale of the property or the report on the non-existence of the property, decide on the continuation of economic activity of the debtor to full or limited extent if the continuation of this activity is economically justified, or on the termination thereof;

3) the administrator shall make regular tax and fee payments in accordance with the procedures laid down in laws and regulations;

4) the administrator, if necessary, shall submit an application to the relevant public registers for the entry or deletion of a notation of insolvency, appending a copy of the court decision on the appointment of the administrator.

(2) If the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in another Member State and the administrator involved therein operates in Latvia, without commencing the insolvency proceedings specified in Article 3(2) of this Regulation, the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council shall ensure that a properly certified copy of the ruling on the declaration of insolvency proceedings of a legal person and the appointment of the administrator, and also the translation of this ruling into the official language certified in accordance with the specified procedures, are submitted to the relevant competent persons and authorities of insolvency proceedings of a legal person.

[*31 May 2018 / See Paragraph 67 of Transitional Provisions*]

**Section 65. Duties of the Administrator after Proclamation of Insolvency Proceedings of a Legal Person**

After proclamation of insolvency proceedings of a legal person, the administrator shall:

1) without delay take the decision to determine a representative or representatives of the debtor in the case of insolvency proceedings of a legal person and submit this decision to court, and also send it to the representative or representatives of the debtor;

2) without delay commence full inventory of the documents and debtor’s property and draw up the balance of the debtor;

3) accept, register, and check claims of creditors;

4) without delay take into their administration all debtor’s property, and also the property in possession or holding of the debtor that belongs to third persons;

5) in accordance with the procedures laid down and within the time limits specified in this Law, provide his or her operational report to the creditors and the Insolvency Control Service;

6) recover the debts of debtors and take legal actions for the recovery of debtor’s other property;

7) in the cases and in accordance with the procedures laid down in laws and regulations, address the Insolvency Control Service with a submission for the settlement of the claims of employees from the funds of the employee claim guarantee fund. The Cabinet shall determine the amount of remuneration of the administrator for the submission of employees’ claims and the procedures by which this shall be paid;

8) evaluate and bring an action in a court against the members of the administrative bodies of a legal person and the participants (shareholders) of a capital company for the compensation of the losses caused thereby, and also against the personally responsible members of a partnership in connection with their responsibility for the liabilities of the partnership with their property;

9) request the participants (shareholders) of the debtor to honour their obligations in respect of the basic capital or debtor’s other property, and submit claims to court for the honouring of such obligations;

10) if Latvijas Banka supervises activities of financial market participants in accordance with the requirements of laws and regulations, at least once a year inform the known creditors of the course of insolvency proceedings of a legal person by sending an individual notification to the creditors whose place of residence or legal address is in a foreign country, and also a notification to the Insolvency Control Service;

11) ensure the evaluation of the property included in the plan for the sale of debtor’s property;

12) submit an application to the bailiff for the termination of the enforcement proceedings in cases regarding the recovery of the amounts adjudged but not yet recovered from the debtor and cases regarding the honouring of debtor’s obligations through the court;

13) hand over debtor’s documents to the State archives for storage, including:

a) debtor’s instructions regarding the personnel (the employment of persons, the transfer to other employment and the dismissal from employment);

b) debtor’s registration journal (register) of personnel instructions;

c) the employment contracts of the debtor’s employees with whom employment legal relationships have been terminated (unless they are in the relevant personal files) and work-record books (unless they are with the relevant employees);

d) debtor’s documents regarding social tax payments until 1 January 1997;

e) investigative statements or opinions and investigative material in respect of accidents at work;

14) perform other obligations specified in this Law.

[*25 September 2014; 31 May 2018; 16 March 2023*]

**Section 66. Obligations of the Administrator in Insolvency Proceedings which have been Initiated in Accordance with Regulation No 2015/848 of the European Parliament and of the Council**

(1) If the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in another Member State, the person referred to in Article 29(1) of this Regulation shall inform the relevant public registers of the initiation of insolvency proceedings against the debtor when performing activities in Latvia which are related to the recovery and alienation of debtor’s property. Information shall be accompanied by a properly certified copy of the ruling on the initiation of insolvency proceedings against the debtor and the appointment of the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council, and also a translation of this ruling into the official language certified in accordance with the specified procedures.

(2) If the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in another Member State and the debtor owns an establishment in Latvia within the meaning of Article 2(10) of this Regulation, the person referred to in Article 28(1) of Regulation No 2015/848 of the European Parliament and of the Council shall, within five days from the day when the administrator involved in the insolvency proceedings specified in Article 3(1) of this Regulation has commenced activities which are related to the recovery and alienation of the property of the debtor’s establishment, submit an application for insolvency proceedings of the debtor – legal person – to the responsible institution which makes entries in the Insolvency Register. The following shall be indicated in the application:

1) the firm name and registration number of the debtor;

2) the name of the court and the day when the ruling was rendered;

3) the given name, surname, address of the place of practice, telephone number, or electronic mail address of the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council;

4) the fact that the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor;

5) the Member State whose laws and regulations are applicable to the initiation, conduct and termination of insolvency proceedings.

(3) If the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against a debtor in another Member State, the person referred to in Article 28(2) of this Regulation is entitled, when performing activities in Latvia which are related to the recovery and alienation of debtor’s property, to submit an application to the responsible institution for the making of an entry in the Insolvency Register by indicating the information referred to in Paragraph two of this Section.

(4) If the insolvency proceedings specified in Article 3(1) or (2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia, the administrator shall, within five days after declaration of the insolvency of the debtor, send to the creditors whose place of residence or legal address is in another Member State a notification on the insolvency of the debtor and submission of the claims of creditors in accordance with the procedures laid down in the relevant Regulation. The following shall also be indicated in the notification:

1) the firm name and registration number of the debtor;

2) the name of the court, the day of proclaiming of the judgement, the case number and the time period within which the complaint specified in Article 39 of Regulation No 2015/848 of the European Parliament and of the Council should be submitted;

3) the given name, surname, address of the place of practice, telephone number, or electronic mail address of the administrator;

4) the type of the initiated insolvency proceedings in accordance with Article 3(1), (2), or (4) of Regulation No 2015/848 of the European Parliament and of the Council;

5) the Member State the laws and regulations of which are applicable to the initiation, conduct, and termination of insolvency proceedings;

6) that information as to whether the claim is secured with rights in rem is to be included in the claim of the creditor.

(5) If the insolvency proceedings specified in Article 3(2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia, the administrator shall cooperate with the administrator involved in the insolvency proceedings specified in Article 3(1) of this Regulation, provide the information necessary for the administration of the insolvency proceedings upon request of the administrator, also information on the debtor’s property which is located in Latvia, on the measures planned or to be implemented for the recovery and alienation of the property, on the submitted claims of creditors, recognised and non-recognised claims of creditors and complaints in connection with claims, on the grouping of creditors, the settled claims of creditors, creditors’ meetings, on the course, solutions, and measures of the insolvency proceedings specified in Article 3(2) of Regulation No 2015/848 of the European Parliament and of the Council, the division of property and money surplus.

(6) If the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia, the administrator shall follow the insolvency proceedings specified in Article 3(2) of this Regulation and initiated against the debtor in another Member State and, if necessary, request information from the administrator involved in the insolvency proceedings specified in Article 3(2) of the relevant Regulation, inform the administrator of other insolvency proceedings specified in Article 3(2) of this Regulation and initiated against the debtor, and the important aspects of these proceedings.

[*31 May 2018*]

**Section 67. Rights of the Administrator after Proclamation of Insolvency Proceedings of a Legal Person**

(1) In addition to the general rights of the administrator specified in this Law, the administrator has the following rights after proclamation of insolvency proceedings of a legal person:

1) to alienate debtor’s property in accordance with the procedures laid down in this Law;

2) to liquidate branches or representation offices of the debtor;

3) to hand over any claim of the debtor to the court for examination;

4) to insure the transactions of the debtor and the property owned by the debtor;

5) without special authorisation to compile and sign any document on behalf of the debtor;

6) to appoint officials for the performance of the administrative work of the debtor and determine their competence, and to hire and dismiss from work employees, including those who were employed before the day of the proclamation of insolvency proceedings of a legal person;

7) to cover the costs of insolvency proceedings of a legal person (Section 168, Paragraph three);

8) to lease (rent) out any debtor’s property, and also to lease (rent) any property, if such is in the interests of the body of creditors;

9) to renounce any claim, or to enter into any settlement in the name of the debtor with respect to claims of the debtor against third persons;

10) to submit an application for the proclamation of insolvency proceedings of a legal person of any such third person as has debt obligations against the debtor, and to represent the claims of the debtor, if insolvency proceedings of a legal person are proclaimed on the basis of such an application;

11) to change the registered legal address of the debtor;

12) to request that the creditor submits the translation of the claim and substantiating documents thereof into the official language, certified in accordance with the specified procedures;

13) to invite specialists in order to ensure efficient and lawful insolvency proceedings of a legal person and to cover the costs related thereto by consent of the creditors’ meeting from the funds of the debtor or other funds of the insolvency proceedings of a legal person;

14) to request the bailiff to suspend advertised auctions, if the debtor’s property is planned to be sold in its entirety;

15) within three months after date of submitting the claim of a creditor, to raise a reversed claim against the creditor by requesting the court to impose a temporary protective measure against this creditor – removing its voting rights, in order to contest the claim based on a court ruling regarding undisputed enforcement of obligations or compulsory enforcement of obligations according to the warning procedures, if there is reasonable doubt that the claim of the creditor is based on a court ruling that has taken effect within the three years preceding the date of proclaiming insolvency proceedings of a legal person;

16) after preparation of the plan for the sale of the debtor’s property, to request that the court terminates the proceedings in the actions on the exclusion of the debtor as a member of a different company which have been brought in accordance with Sections 136.1 and 195 of the Commercial Law.

(2) When exercising the right to invite a specialist provided for in Paragraph one, Clause 13 of this Section, a transaction shall be concluded in writing by specifying, as a minimum, the following information:

1) the parties to the transaction;

2) a description of the activities for which the specialist is to be remunerated;

3) the amount of the remuneration determined for the specialist.

[*25 September 2014; 16 March 2023 / Paragraph one, Clause 16 regarding the right of the administrator to request that the court terminates the proceedings in the actions on the exclusion of the debtor as a member of a different company which have been brought in accordance with Sections 136.1 and 195 of the Commercial Law shall come into force on 1 July 2023. See Paragraph 84 of Transitional Provisions*]

**Chapter XII**

**Representative of Debtor and Interested Persons with Respect to the Debtor**

**Section 68. Representative of Debtor**

(1) The administrator shall appoint a representative of the debtor whose participation at insolvency proceedings is mandatory in conformity with the following order:

1) a member of an executive body who is entitled to represent the debtor separately;

2) another member of an executive body;

3) the head of a supervisory body;

4) another member of a supervisory body;

5) a participant (shareholder), who has the greatest number of votes.

(2) The member who has representative rights shall be appointed as the representative of the debtor in a partnership, but if there is no such member, the member with administrative rights shall be appointed.

(3) The administrator may appoint another person as the representative of the debtor, if he or she can provide the information specified in this Law on the debtor and his or her activities and if the persons specified in Paragraphs one and two of this Section are unable to provide the abovementioned information due to objective reasons.

(4) If the representative of the debtor is unable to fulfil his or her obligations due to objective circumstances, another person referred to in this Section shall be appointed as the representative of the debtor.

(5) The administrator shall send the decision to appoint the representative of the debtor to the court without delay.

(6) The administrator need not take the decision to appoint a new representative of the debtor, if the representative of the debtor has died and another representative of the debtor cannot be appointed.

(7) The decision to appoint the representative of the debtor may be appealed to a court by the person who has been appointed as the representative of the debtor. The complaint shall be submitted within three weeks from the day on which the decision came to the knowledge of the relevant person.

**Section 69. Rights of the Representative of the Debtor**

The representative of the debtor has the following rights:

1) to become acquainted with the submitted claims of creditors and to express objections against them to the administrator;

2) to request and receive information on the sale of debtor’s property;

3) to participate in the creditors’ meeting and become acquainted with the minutes thereof;

4) to request the administrator to convene a creditors’ meeting in accordance with the procedures laid down in this Law;

5) to draw up the plan of measures of legal protection proceedings;

6) to submit a complaint regarding the decision of a creditors’ meeting or the administrator or bring an action to court in accordance with the procedures laid down in this Law;

7) to use the System in accordance with the procedures and to the extent laid down in laws and regulations when exercising the rights granted in the law and fulfilling the obligations specified in the law.

[*31 May 2018 / Clause 7 shall come into force on 15 April 2019. See Paragraph 63 of Transitional Provisions*]

**Section 70. Obligations of the Representative of the Debtor**

(1) The obligations of the representative of the debtor are to attend all the creditors’ meetings and court sittings to which they have been invited, and also to provide all information at the disposal thereof on the debtor.

(2) By a deed of acceptance and delivery, the representative of the debtor shall transfer to the administrator the entire debtor’s property and its organisational, personal and accounting documents, orders, statements, reports and lists, and also the stamp and seal of the debtor, within the time limit specified by the administrator which shall be not less than three days and not longer than 10 days after the day of proclamation of insolvency proceedings of a legal person. The representative of the debtor has an obligation to prepare a list of the property and documents of the debtor to be handed over. The representative of the debtor shall hand over documents to the administrator after having arranged them according to the record-keeping rules.

(3) If the representative of the debtor changes his or her place of residence during the insolvency proceedings of a legal person, he or she has an obligation to notify the administrator and the court of the address of the new place of residence without delay.

[*25 September 2014; 22 December 2016*]

**Section 71. Obligation of the Representative of the Debtor to Provide Information to the Administrator and the Court**

(1) The representative of the debtor has the obligation to provide the information requested by the court or administrator on the debtor without delay, but not later than within 10 days after the day of sending the request.

(2) If the information requested is not at the disposal of the debtor, he or she shall inform the administrator or court accordingly without delay, indicating the reasons why this information is not at the disposal thereof.

(3) The representative of the debtor shall submit the requested information or the appropriate notification that he or she is unable to submit in writing the information requested, certifying this with his or her signature.

(4) If the administrator has sent a request to provide information, to the address of the place of residence of the debtor’s representative by registered mail, it shall be considered that the debtor’s representative has received this request on the seventh day after sending and that the content thereof is known to him or her.

**Section 72. Interested Persons in Relation to the Debtor**

(1) The following persons shall be considered as interested persons in relation to the debtor:

1) the participants (shareholders) of the debtor or members of a partnership, members of an administrative body;

2) the proctor and person with a commercial power of attorney;

3) the person who is married to or is in relation or affinity to the second degree with the founder, participant (shareholder) of the debtor, or member of a partnership or member of an administrative body;

4) a creditor who is in one group of companies with the debtor.

(2) The persons referred to in this Paragraph shall be recognised as interested persons in relation to the debtor, if they have been in this status for the last five years before the day when the insolvency proceedings of the debtor were proclaimed.

**Chapter XII.1 Liability of the Members of Executive Board**

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 72.1 Liability of the Members of Executive Board for the Failure to Provide Documents**

(1) Members of the executive board of the debtor – a capital company – shall be jointly liable for the losses incurred by the debtor if they have failed to provide the debtor’s accounting documents to the administrator of insolvency proceedings, or the documents are in a state which does not allow obtaining a true and fair view of the debtor’s transactions and the state of property within the last three years preceding the proclamation of insolvency proceedings.

(2) In the cases referred to in Paragraph one of this Section, the amount of losses incurred by the debtor are the claims of creditors in the amount of principal debt that have been recognised in the debtor’s insolvency proceedings and that cannot be satisfied within the scope of the debtor’s insolvency proceedings.

(3) In insolvency proceedings, the administrator of insolvency proceedings shall raise a claim against a member of the executive board on behalf of the debtor. The creditor has the right to enter into the case in the capacity of a third person in accordance with the procedures laid down in the Civil Procedure Law. If the administrator has raised no such claim, the creditor is entitled to raise it within one year after completion of insolvency proceedings in the amount of the claim that has not been satisfied.

(4) A court may reduce the indemnification amount for which a member of the executive board is liable, taking into consideration his or her influence on the circumstances referred to in Paragraph one of this Section.

(5) The provisions of this Section shall also apply to legal representatives of the subjects of insolvency proceedings of other legal persons who are responsible for the accounting records of the legal person and the storage of all documents certifying all economic transactions.

**Chapter XIII**

**Claims of Creditors**

**Section 73. Submission of Claims of Creditors**

(1) Claims of creditors against the debtor shall be submitted to the administrator within one month from the day when the entry has been made in the register on the proclamation of insolvency proceedings of the debtor.

(2) If a creditor has missed the deadline for the submission of a claim referred to in Paragraph one of this Section, he or she may submit his or her claim against the debtor within a time period not exceeding six months from the day when the entry has been made in the Insolvency Register on the proclamation of insolvency proceedings of the debtor, but not later than until the day when the plan for settling the claims of creditors or the report on the non-existence of the property, by which the termination of the insolvency proceedings of a legal person has been proposed, has been drawn up in accordance with the procedures laid down in this Law. After this time limit, a limitation period sets in, thereby the creditor shall lose his or her creditor status and his or her rights to claim against the debtor.

(21) If the application of the creditor has been submitted within the time limit specified in Paragraph one or two of this Section, the creditor has the right, until the day when the plan for settling the claims of creditors or the report on the non-existence of the property, by which the termination of the insolvency proceedings of a legal person has been proposed, has been drawn up in accordance with the procedures laid down in this Law, to clarify the claim of the creditor in case where, due to circumstances not attributable to the actions of the creditor, the amount of the claim of the creditor has changed without changing the grounds for the claim of the creditor. After this time limit, a limitation period shall set in and the creditor shall lose his or her creditor status and his or her rights to claim against the debtor.

(3) If a creditor has missed the time limit for the submission of a claim referred to in Paragraph one of this Section, but has submitted his or her claim within six months from the day when the entry has been made in the Insolvency Register on the proclamation of insolvency proceedings of the debtor, but not later than until the day when the plan for settling the claims of creditors or the report on the non-existence of the property, by which the termination of the insolvency proceedings of a legal person has been proposed, has been drawn up in accordance with the procedures laid down in this Law, the creditor in question shall be included in the Register of Claims of Creditors, however, this creditor is not granted voting rights.

(31) The creditors have the right to submit a claim of a creditor against the debtor through the System within the time limit specified in Paragraphs one, two, and three of this Section.

(4) In their submission, the creditors shall indicate:

1) the grounds for the claim;

2) the type of claim;

3) the amount of the claim, separately referring to the amount of the main claim and the amount of the ancillary claim;

4) the time the claim arose;

5) whether the creditor is recognised as an interested person within the meaning of Section 72 of this Law;

51) whether the creditor is recognised as a creditor whose right to claim against the debtor is conditional, and also the claim amount and the date (if any) by which the condition should materialise;

6) the contact information, including electronic mail address;

7) the bank account number.

(41) [*Paragraph shall come into force on 1 July 2024 and shall be included in the wording of the Law as of 1 July 2024 / See Paragraph 85 of Transitional Provisions*]

(5) The secured creditor shall, when submitting a claim of a creditor, indicate the amount for which the claim is secured. The secured creditor whose right to claim against a third person is secured by a commercial pledge, or mortgage on the debtor’s property registered in the Land Register or Ship Register shall, when submitting the claim of a creditor, state the value of the debtor’s property serving as a security (pledged) as on the date of proclamation of insolvency proceedings.

(6) Documents substantiating the claim shall be appended to the submission. In exceptional cases when the number of substantiating documents significantly hinders the submission of a claim, the creditor may, by agreeing with the administrator before submitting the claim, not submit the derivatives of the substantiating documents, if the documents substantiating the claim are at the disposal of the debtor and there is no dispute between the debtor and the creditor regarding rights. The tax authority need not submit the derivatives of the documents substantiating the claim if the information justifying the claim can be obtained by the administrator from the Electronic Declaration System of the State Revenue Service.

(61) If the claim of a creditor is based on the court ruling on the undisputed enforcement of obligations or compulsory enforcement of obligations according to the warning procedures, the creditor shall append a true copy and other documents substantiating the claim to the submission referred to in Paragraph four of this Section.

(7) If the insolvency proceedings specified in Article 3(1) or (2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia, the debtor’s creditor whose place of residence or legal address is in another Member State shall submit the claim of a creditor. The information specified in Articles 41 and 42 of the abovementioned Regulation shall be indicated in the claim. The administrator shall convert a claim of a creditor in foreign currency into euros according to the exchange rate applied for accounting purposes on the date of proclamation of insolvency proceedings of a legal person.

(8) If the insolvency proceedings specified in Article 3(1) or (2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia and the administrator, in the interests of the creditors of these proceedings, submits claims of creditors in insolvency proceedings initiated against the debtor in another Member State, prior to submitting the claim he or she shall send a notification to each creditor with a request to agree to the submission of the claim of a creditor in other proceedings. If the creditor has not provided a written response to the administrator within three weeks after sending the notification, it shall be considered that he or she has rejected the offer to submit his or her claim to other proceedings. If the administrator has not informed the creditor, the creditor is entitled to revoke the claim submitted in his or her interests by submitting a retraction to the administrator. The administrator shall withdraw the claim of a creditor within two weeks after receipt of the retraction.

(9) The Insolvency Control Service shall exercise the right to claim with regard to the repayment of the funds allocated thereto which have been disbursed from the State budget funds for settling claims of employees. When exercising the right to claim for settling claims of employees in the amount of the disbursed funds, the provisions of this Law regarding the time limit for the submission of the claims of creditors and the recognition or non-recognition of the claims of creditors are not applicable to the Insolvency Control Service.

(10) A claim by the Insolvency Control Service to repay the funds allocated by it for settling the claims of employees shall be entered into the Register of Claims of Creditors when the Insolvency Control Service has disbursed the amounts allocated for settling claims of employees.

(11) The claims of tax authority raised after the date of proclamation of insolvency proceedings and directly related to the debtor’s transactions made up to the date when insolvency proceedings were proclaimed shall be filed as claims of a creditor in accordance with the procedures laid down in this Law.

(12) Creditors have an obligation to inform the administrator of any changes in the information referred to in Paragraph four, Clause 6 of this Section.

[*12 September 2013; 25 September 2014; 31 May 2018; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 74. Inspection of the Claims of Creditors**

(1) The administrator shall inspect the validity of the claims of creditors and the conformity thereof with the requirements of laws and regulations.

(2) If a claim of a creditor does not meet the requirements of laws and regulations, including if that specified in Section 73, Paragraph four of this Law is not indicated in the claim of the creditor, the administrator shall send a request to the creditor without delay to eliminate the deficiencies established within 10 days from sending of the request by the administrator. If that specified in Section 73, Paragraph four, Clause 6 of this Law is not indicated in the claim of the creditor, the administrator shall, without delay, send the creditor a request to eliminate the established deficiencies within 10 days from the day when the consignment is handed over to the postal operator. If the creditor eliminates the deficiencies by this deadline, it shall be considered that the claim of the creditor has been submitted within the specified time limit. If the creditor does not rectify the deficiencies within the specified time limit, the administrator shall take the decision to not recognise the claim of the creditor or to recognise it partially within 10 days from expiry of the deadline given for the elimination of deficiencies.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 75. Administrator’s Decision on the Claims of Creditors**

(1) After inspection of the claims of creditors, the administrator shall take a justified decision to recognise, not recognise or recognise partially the claim of a creditor. The administrator shall not fully or partially recognise a claim of a creditor regarding which a dispute exists between the debtor and creditor.

(2) The administrator may not recognise or partially recognise a claim of a creditor which has been established by a court ruling only if there is evidence that the debtor has honoured his or her obligations fully or partially at the moment of entry into effect of the court ruling.

(21) The administrator may not recognise a claim of the secured creditor against a third person that is secured by a commercial pledge, or mortgage on the debtor’s property registered in the Land Register or Ship Register and is conditional, if there is reasonable doubt that the condition would materialise.

(3) A ruling of the arbitration court, in terms of legal outcome, shall be comparable to a court ruling if the writ of execution issued by the court is appended thereto.

(4) If the administrator has not recognised the claim of a creditor, the relevant claim is excluded from the Register of Claims of Creditors in the following cases:

1) the time limit for the submission of a complaint has expired, and the complaint has not been submitted;

2) the time limit for the submission of a statement of claim for the examination of a dispute regarding rights has expired, and the statement of claim has not been submitted;

3) the time limit for the submission of a request for the renewal of proceedings has expired, and the request has not been submitted.

(41) Until the moment when a court has examined a complaint regarding a decision of the administrator or a statement of claim for the examination of a dispute regarding rights, the claim of the relevant creditor shall be included in the Register of Claims of Creditors but this creditor shall not be granted the right to vote.

(5) The decision of the administrator not to recognise a claim of a creditor or to recognise it partly shall, within three days after the taking thereof, be sent to the relevant creditor electronically to the electronic mail address specified in Section 73, Paragraph four, Clause 6 of this Law, drawing up a document in accordance with the requirements for drawing up of electronic documents specified in laws and regulations. It shall be considered that the addressee has received the relevant decision on the third day after the sending thereof. In doubts arise, the administrator must prove that the document has been sent.

(51) If the decision of the administrator not to recognise a claim of a creditor or to recognise it partly cannot be sent in accordance with the procedures laid down in Paragraph five of this Law or the administrator has not received an acknowledgement of receipt of the document from the addressee, it shall be sent as a registered postal item which is considered to be received on the seventh day after delivery thereof to the post office. If doubts arise, the administrator must prove when the consignment was handed over to the postal merchant.

(6) The administrator shall take the decision to recognise, not to recognise, or to recognise partly the claim of a creditor within seven days after receipt of this claim. The administrator shall take the decision to recognise, not to recognise, or to recognise partly the claim of a creditor of a debtor’s employee within 15 days after receipt of this claim.

(7) If a claim is submitted after expiry of the time limit for the submission of the claims of creditors, the administrator shall take the decision to recognise, not to recognise, or to recognise partly the claim of the relevant creditor not later than within 15 days after receipt of the claim of the creditor.

(8) If newly discovered circumstances or documents regarding a claim of a creditor come at the disposal of the administrator for which a decision has already been taken, the administrator is entitled to amend or revoke this decision, but not later than by the day when the plan for settling the claims of creditors has been drawn up in accordance with the procedures laid down in this Law. When revoking the initial decision, the administrator shall take a new decision in accordance with the procedures laid down in this Section in conformity with the time limit for the application of the claims of creditors specified in Section 73 of this Law.

(9) After a court has examined a complaint regarding the decision of the administrator to recognise, not to recognise, or to recognise partly a claim of a creditor, the administrator shall, if necessary, within five working days after receipt of the court decision, take the decision to recognise, not to recognise, or to recognise partly the claim of the creditor.

(10) If the decision of the administrator to recognise, not to recognise, or to recognise partly the claim of the creditor is drawn up in writing, it shall include the following:

1) the firm name (name), registration number and legal address of the debtor;

2) the applied claim of the creditor (amount and type);

3) the indication on the recognition, non-recognition, or partial recognition of the applied claim of the creditor;

4) if the claim of the creditor has been recognised fully or partly – the recognised amount and the type of the claim, and also the fact whether the creditor is to be granted the right to vote in accordance with conditions of Section 87 of this Law;

5) if the claim of the creditor has not been recognised fully or partly – the amount not recognised and the type of the claim, and also the grounds for non-recognition and the fact whether there is a possible dispute regarding rights;

6) the information on procedures and time limit for appealing the decision;

7) any other information, if necessary.

(11) If the administrator receives evidence from the persons involved in insolvency proceedings which attests to the fact of forgery of a document supporting a claim of creditors – the relevant document shall not be taken into account when deciding on the claim of a creditor, and information shall be provided to the responsible State authorities, but if the decision has already been taken – the need to take a new decision shall be assessed.

(12) If the administrator receives evidence from law enforcement authorities which attests to the fact of forgery of a document supporting a claim of creditors – the relevant document shall not be taken into account when deciding on the claim of a creditor, but if the decision has already been taken – the need to take a new decision shall be assessed.

(13) The administrator shall hand over the original document which is possibly forged to a forensic expert-examination institution for performing an expert examination if the person involved in insolvency proceedings requests a forensic expert-examination institution to perform an expert examination. If the document is handed over for the performance of an expert examination, a certified copy thereof shall be left in place thereof.

(14) A person involved in insolvency proceedings who is requesting an expert examination shall cover the expenditures related to the performance of the expert examination and the production of the derivative of the document specified in Paragraph thirteen of this Section.

[*25 September 2014; 31 May 2018*]

**Section 76. Decision to Grant the Status of Non-Secured Creditor to a Secured Creditor after Sale of Pledged Property**

(1) If, when selling the debtor’s pledged property, the received amount of money does not cover the claims of the secured creditors, the relevant creditors shall, after the decision of the administrator is taken, acquire the status of non-secured creditor for the non-secured part of the claim.

(2) If a secured creditor has submitted his or her claim to the administrator within the time limit specified in Section 73, Paragraph one of this Law, the voting rights for the part of the claim not covered shall be granted to the secured creditor in accordance with the procedures laid down in Section 87 of this Law.

(3) The amount of the main claim not covered and the ancillary claim not covered shall be indicated separately in the administrator’s decision.

(4) The administrator shall take a decision and send it to the creditor within five days from the day when the funds acquired from the sale have been transferred to the creditor.

**Section 77. Grouping of the Claims of Creditors**

The administrator shall divide the submitted claims of creditors into the two following groups:

1) claims of secured creditors;

2) claims of non-secured creditors.

**Section 78. Register of Claims of Creditors**

(1) The administrator shall keep the Register of Claims of Creditors.

(2) The administrator shall enter the following information in the Register of Claims of Creditors:

1) the creditor’s firm name (name) or the given name, surname, registration number or personal identity number, contact information of that creditor which has submitted the claim of the creditor;

2) a note on the recognition or non-recognition of the claim of the creditor;

3) the grounds for the claim of the creditor;

4) the time the claim of the creditor arose;

5) the type of the claim of the creditor;

6) the amount of the claim of the creditor (the amount of the main claim and ancillary claim);

7) the number of votes of the creditor at a creditors’ meeting;

8) the note on the imposition of provisional protection on the creditor, indicating the provisional remedy imposed by the court.

(3) The administrator shall, within seven days after expiry of the time limit specified in Section 73, Paragraph one of this Law and in accordance with the procedures laid down in this Law, send the Register of Claims of Creditors to the creditors, the representative of the debtor, the Insolvency Control Service, and the court which has declared the relevant insolvency proceedings.

(4) The administrator shall, within five days, inform the creditors, the representative of the debtor, the Insolvency Control Service, and the court which has declared the relevant insolvency proceedings of any changes in the Register of Claims of Creditors.

[*31 May 2018*]

**Section 79. Right to Become Acquainted with the Register of Claims of Creditors**

(1) Any person who has submitted a claim of a creditor, the Insolvency Control Service, and the representative of the debtor have the right to become acquainted with the Register of Claims of Creditors.

(2) Each creditor who has submitted a claim of a creditor, and the representative of the debtor has the right to become acquainted with the claims submitted by the creditors and the evidence for the grounds thereof, commencing from the eighth day after expiry of the time limit for the submission of the claims of creditors.

(3) The right specified in Paragraph two of this Section may be exercised by the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council and initiated against the debtor in another Member State, but the administrator involved in the insolvency proceedings specified in Article 3(2) of this Regulation may only do so if he or she has submitted the claims of creditors in the interests of the creditors.

[*31 May 2018*]

**Section 80. Complaints Regarding the Recognition, Non-Recognition or Partial Recognition of the Claims of Creditors**

(1) The creditor is entitled to appeal to a court the decision of the administrator not to recognise his or her claim or to recognise it partly within one month from the day of receipt of the decision or is entitled to bring an action for the examination of a dispute regarding rights within one month from the day of receipt of the decision of the administrator.

(11) The creditor who has brought an action before court for the examination of a dispute regarding rights prior to initiation of insolvency proceedings is entitled, within one month from the day of receipt of the decision of the administrator, to ask for renewal of the suspended proceedings.

(12) When submitting a complaint regarding the decision of the administrator to recognise, not to recognise, or to recognise partly the claim of a creditor and concurrently asking the court to examine a dispute regarding rights, the creditor shall additionally append only the evidence which has not been at his or her disposal at the moment of the submission of the claim of the creditor due to objective circumstances.

(2) The creditor is entitled to appeal to a court the decision of the administrator to recognise or to recognise partly a claim of another creditor within three weeks after expiry of the time limit for the submission of the claims of creditors. When appealing the decision of an administrator, concurrently the court may be requested to establish the provisional protection provided for in Section 250.74, Paragraph four of the Civil Procedure Law. If the relevant claim of a creditor has been submitted after expiry of the time limit for the submission of the claims of creditors, the creditor is entitled to appeal to a court the decision of the administrator to recognise a claim of another creditor within one month after the day of taking the decision.

(3) The representative of the debtor is entitled, within three weeks after expiry of the time limit for the submission of the claims of creditors, to appeal to a court the decision of the administrator by which the claim arising from the transaction and not recognised by the representative of the debtor is approved. When appealing the decision of an administrator, concurrently the court may be requested to establish the provisional protection provided for in Section 250.74, Paragraph four of the Civil Procedure Law. If the relevant claim of a creditor has been submitted after expiry of the time limit for the submission of the claims of creditors, the representative of the debtor is entitled, within one month after the day of taking the decision, to appeal to a court the decision of the administrator by which the claim arising from the transaction and not recognised by the representative of the debtor is approved.

(4) Complaints in relation to the recognition, non-recognition, or partial recognition of the claims of creditors may be submitted to the court in which the respective insolvency proceedings have been proclaimed.

(5) The creditor or representative of the debtor may request that the court restores the procedural time limit for the submission of a complaint, if the complaint could not have been lodged within the time limit specified in this Law due to the fault of the administrator.

[*31 May 2018 / See Paragraph 59 of Transitional Provisions*]

**Chapter XIV**

**Obligation to Inform Creditors**

**Section 81. Obligation to Inform Creditors**

(1) For ensuring efficient and lawful course of insolvency proceedings of a legal person, the administrator shall, in accordance with the procedures laid down in this Law, notify the creditors of:

1) the plan for the sale of debtor’s property;

2) the non-existence of property in debtor’s establishment;

3) the amount of the remuneration of the administrator;

4) the expenses of insolvency proceedings of a legal person;

5) the plan for settling the claims of creditors;

6) the intention to renounce the claims;

7) the intention to enter into a settlement;

8) the intention to perform the cessation of the right to claim;

9) the extension of the deadline for selling of non-pledged property.

(2) The administrator shall notify the creditors of other matters which have significance during the course of insolvency proceedings of a legal person.

(3) Unless it is laid down otherwise in this Law, the administrator shall provide information to the creditors electronically, drawing up the documents in accordance with the requirements for drawing up electronic documents laid down in laws and regulations.

(4) Creditors have the right to use the System for the protection of their interests in accordance with the procedures and to the extent laid down in laws and regulations.

[*25 September 2014; 31 May 2018 / Paragraph four shall come into force on 15 April 2019. See Paragraph 63 of Transitional Provisions*]

**Section 82. Obligation of Creditors to Address the Administrator**

If creditors have objections to the information referred to in Section 81 of this Law, they have an obligation to inform the administrator accordingly within five days after receipt of this information, unless otherwise specified in this Law.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 83. Administrator’s Actions after Receipt of the Objections of Creditors**

Unless otherwise specified in this Law, after receipt of the objections of creditors regarding the information referred to in Section 81 of this Law, the administrator shall evaluate the grounds for the objections and:

1) if the objections are taken into account, make the appropriate changes and notify all the creditors thereof;

2) if the objections are not taken into account, provide a reasoned response to the creditor.

**Section 84. Rights of Creditors**

If the creditors do not agree with the decision notified by the administrator, they have the following rights:

1) to propose the convening of a creditors’ meeting in accordance with the provisions of Section 88, Paragraph one, Clause 2, Sub-clauses “a” and “b” of this Law in order to decide on the matters referred to in Section 89 of this Law;

2) to contest the administrator’s actions in accordance with the procedures laid down in this Law;

3) to bring an action to a court against the administrator for the losses caused.

**Section 85. Administrator’s Operational Report**

(1) After declaration of insolvency proceedings of a legal person, the administrator shall prepare and send his or her operational report to the creditors and the Insolvency Control Service electronically on a monthly basis.

(2) The Cabinet shall determine the content of the administrator’s operational report and the procedures for preparing it.

[*31 May 2018 / Amendment to Paragraph one regarding the replacement of the word “quarterly” with the word “monthly” and amendment to Paragraph two regarding the replacement of the words “form” and “filling in thereof” with the words “content” and “preparing it” shall come into force on 1 January 2019. See Paragraph 66 of Transitional Provisions*]

**Section 85.1 Audit of the Administrator’s Actions**

(1) Creditors who represent at least 25 per cent of the amount of the recognised principal claims in a group of secured or non-secured creditors may request an audit of the administrator’s actions in the relevant insolvency proceedings.

(2) An audit shall be performed by a sworn auditor or a commercial company of sworn auditors invited by the creditors.

(3) The audit shall be commenced on the basis of the notification to the administrator taken by the creditors referred to in Paragraph one of this Section indicating the performer of the audit, the task of the audit, and the information necessary for the audit.

(4) The work task of the auditor specified by the creditors may include both an inspection of the administrator’s actions in the relevant proceedings and an inspection of the debtor’s transactions, accounting, and finances until declaration of insolvency proceedings.

(5) The administrator shall provide the auditor with the information indicated in the notification on the performance of an audit not later than within two weeks after receipt of the notification. The administrator shall immediately, upon request of the auditor, provide the auditor with any additional or explanatory information, insofar as it results from the work task specified in the notification.

(6) The auditor shall send a report to the administrator with regard to whose actions the audit has been performed.

(7) The performance of the audit shall be financed by the creditors who requested it.

[*22 December 2016*]

**Chapter XV**

**Creditors’ Meeting**

**Section 86. Procedure of Creditors’ Meeting**

(1) A creditors’ meeting is an organised form of creditors’ joint operations for the taking the decisions of creditors.

(2) The administrator shall lead the creditors’ meeting.

(21) A creditors’ meeting may be held in person or remotely. The type of creditors’ meeting shall be determined by the administrator.

(22) When convening the creditors’ meeting, the administrator shall determine one of the following types thereof:

1) participants of the meeting participate and vote in the meeting in person;

2) participants of the meeting participate and vote in the meeting through electronic means;

3) participants of the meeting vote in writing on items on the agenda of the meeting and submit their vote to the administrator at least one day prior to the day of the creditors’ meeting.

(3) Representatives of the Insolvency Control Service may be present at a creditors’ meeting.

(4) A creditor may participate in a creditors’ meeting in person or with the intermediation of a representative. A creditor’s representative has an obligation to show a document certifying representation to the chairperson of the creditors’ meeting.

(5) If the administrator involved in the insolvency proceedings specified in Article 3(1) or (2) of Regulation No 2015/848 of the European Parliament or of the Council and initiated in another Member State participates in the creditors’ meeting, he or she shall present to the chairperson of the creditors’ meeting a copy of the court ruling on the appointment of the administrator involved in the insolvency proceedings specified in Article 3(1) or (2) of the relevant Regulation or an appropriately certified copy of another certification and a translation of the ruling or certification into the official language certified in accordance with the specified procedures.

(6) A creditor may authorise not more than one person to represent such creditor at a creditors’ meeting. The authorised person shall represent the creditor to the full amount of the creditor’s claim.

(7) If more than 100 creditors are registered in the Register of Claims of Creditors, the creditors who represent not less than one per cent of the whole amount of the claims of all the creditors shall participate in the creditors’ meeting. In such case one person may represent several creditors.

(8) The administrator shall provide to the creditors whose claims do not exceed one per cent of the whole amount of all the recognised claims the information necessary, and also support so that such creditors might unite and authorise a joint representative to vote on their behalf.

(9) A creditors’ meeting is entitled to take decisions regardless of the amount of the claims of creditors represented therein if an entry has been made in the Insolvency Register on the convening of the creditors’ meeting. The creditors’ meeting shall take decisions with a simple majority vote, except for the cases specified in this Law. The non-participation of the debtor’s representatives shall not be an obstacle to the course of the creditors’ meeting.

(10) Creditors with voting rights are entitled only to vote “for” or “against”.

(11) The creditors’ meeting is entitled to take decisions only on those matters which are indicated in the application as matters on the agenda of the respective creditors’ meeting, except for the matter regarding the convening of the creditors’ meeting. The matters to be included on the agenda of the creditors’ meeting shall be determined by the administrator upon his or her own initiative, and also taking into account the matters included in the request for convening the creditors’ meeting.

(12) The course of the creditors’ meeting shall be recorded in minutes. The chairperson of the creditors’ meeting shall ensure the minute-taking. The chairperson of the creditors’ meeting and a representative of the creditors’ meeting elected by the creditors present, and also any creditor who has participated at the creditors’ meeting and expressed a wish to sign the minutes of the creditors’ meeting shall sign the minutes of the creditors’ meeting not later than within 10 days from the day of convening the creditors’ meeting.

(13) The creditors and the debtor’s representative have the right to become acquainted with the minutes of the creditors’ meeting. The administrator shall issue the appropriately certified minutes of the creditors’ meeting within five days after receipt of the written request.

(14) The administrator shall submit the signed minutes and annexes thereto to the responsible authority which makes entries in the Insolvency Register within five working days after signing thereof.

(15) A creditors’ meeting may be suspended once for a period of up to two weeks if more than half of the creditors with voting rights present vote for this, indicating the time of the recommencement of the meeting, the address of the location, and the agenda. The administrator shall submit an application for the suspension of a creditors’ meeting, and the time for the recommencement of the meeting, the address of the location and the agenda, and also the minutes of the relevant creditors’ meeting, to the responsible authority which makes the entries in the Insolvency Register.

[*31 May 2018; 5 June 2020*]

**Section 87. Determination of the Number of Creditors’ Votes in a Creditors’ Meeting**

(1) The administrator shall determine the number of votes for each creditor at a creditors’ meeting.

(2) Votes are granted in a creditors’ meeting to such non-secured creditor, and also to such secured creditor in a non-secured and secured part of the claim in the case referred to in Section 90 of this Law whose claim is submitted within the time limit for the submission of claims of creditors referred to in Section 73, Paragraph one of this Law and whose claim has been recognised by the administrator. If the administrator has taken the decision to partially recognise a claim of a creditor, votes shall be granted to the creditor according to the amount of the recognised principal claim.

(3) The number of votes in a creditors’ meeting shall be determined according to the amount of a creditor’s main claim, granting one vote for each whole euro.

(4) If the administrator involved in the insolvency proceedings specified in Article 3(1) or (2) of Regulation No 2015/848 of the European Parliament or of the Council and initiated against the debtor in another Member State has submitted the claims of creditors in insolvency proceedings initiated against the debtor in Latvia, then the administrator involved in the insolvency proceedings specified in Article 3(1) or (2) of this Regulation shall obtain the rights of creditors in the amount of the submitted claims of creditors in accordance with the procedures laid down in laws and regulations.

(5) The creditors who are recognised as interested persons in accordance with Section 72 of this Law and persons who have acquired the right to claim against the debtor from interested persons within one year prior to the proclamation of insolvency proceedings of a legal person shall not have voting rights at the creditors’ meeting.

(6) The creditors in whose claim of creditors the requirement referred to in Section 73, Paragraph four, Clause 6 of this Law is not indicated, and the creditor has not rectified the relevant deficiency, shall not have voting rights at the creditors’ meeting.

[*12 September 2013; 31 May 2018*]

**Section 88. Convening of Creditors’ Meeting**

(1) The administrator shall convene a creditors’ meeting:

1) upon his or her own initiative;

2) if it is requested by:

a) a creditor with voting rights whose claim is not less than one-tenth of the total amount of the claims of non-secured creditors with voting rights;

b) a secured creditor in order to initiate the procedure referred to in Section 90 of this Law;

c) not less than three creditors regardless of the amount of the claim;

d) the representative of the debtor;

e) the Insolvency Control Service;

f) the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council and initiated against the debtor in another European Union Member State;

g) the creditor in order to assess the validity of the expenses of the insolvency proceedings of the legal person specified in Section 170, Paragraph one of this Section.

(2) In the cases referred to in Paragraph one, Clause 2 of this Section, a list of the claimants, the amount of their claims, the meeting agenda, and the reasons for the convening thereof shall be included in the request.

(3) The administrator shall convene a creditors’ meeting based on the request referred to in Paragraph two of this Section within three weeks after the day of receipt of the request.

(4) The administrator shall, not later than two weeks prior to the date of the specified creditors’ meeting, submit an application to the responsible authority which makes the entries in the Insolvency Register and indicate the date, time, and address of the location of the creditors’ meeting in the application. The notification referred to in Paragraph five of this Section shall be appended to the application.

(5) The administrator shall indicate the debtor’s firm name (name), the registration number, the total amount of the submitted and recognised claims of creditors, the amount of claims by secured and non-secured creditors, and the agenda in the notification of the creditors’ meeting. If more than 100 creditors are registered in the Register of Claims of Creditors, the administrator shall, in the notification of a creditors’ meeting, invite the creditors whose claims do not exceed one per cent of the entire amount of the recognised claims to unite and authorise one representative.

(6) Any other information which has significance for the course of the creditors’ meeting may also be indicated in the notification.

[*31 May 2018 / See Paragraph 67 of Transitional Provisions*]

**Section 89. Competence of Creditors’ Meeting**

In the cases specified in this Law, a creditors’ meeting shall decide on the following:

1) the remuneration of the administrator;

2) the proposal to remove the administrator;

3) the recognition of the expenses of insolvency proceedings as valid;

4) the method of sale of the debtor’s property (Section 115, Paragraph 2.1) or the extension of the deadline for selling;

5) further handling of the property that has been excluded from the plan for the sale of the property (Section 111, Paragraph seven).

[*25 September 2014; 31 May 2018 / See Paragraph 67 of Transitional Provisions*]

**Section 90. Proposal to Remove the Administrator**

(1) The decision to propose the removal of the administrator may be taken if the administrator has not ensured efficient insolvency proceedings. The decision to propose the removal of the administrator shall be taken if two-thirds of the creditors with voting rights present vote in favour thereof.

(2) Secured creditors shall also participate in the voting on the proposal to remove the administrator.

(3) [25 September 2014]

(4) A representative appointed by the creditors’ meeting shall submit to court the decision of a creditors’ meeting to propose the removal of the administrator.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 91. Complaints Regarding Decisions of Creditors’ Meeting**

(1) A decision of creditors’ meeting may be appealed to a court which proclaimed the relevant insolvency proceedings of a legal person.

(2) The creditor or representative of a debtor may appeal a decision of creditors’ meeting if it is illegal or in contradiction with the interests of the body of creditors. A complaint may be submitted within two weeks after the creditors’ meeting.

(3) The administrator may submit a complaint regarding any decision of a creditors’ meeting. A complaint may be submitted within two weeks after the creditors’ meeting.

**Chapter XVI**

**Debtor’s Property and Its Administration**

**Section 92. Concept of Debtor’s Property**

(1) Within the meaning of this Law, the debtor’s property is:

1) the immovable property and moveable property of the debtor, including funds;

2) funds acquired by alienating debtor’s property;

3) the property recovered in accordance with Section 93 of this Law;

4) interest that has been acquired from debtor’s property during insolvency proceedings of a legal person;

5) other property legally acquired during insolvency proceedings of a legal person.

(2) If the insolvency proceedings specified in Article 3(2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor, the property indicated in Paragraph one of this Section shall be located in Latvia.

(3) Property against which recovery may not be directed in accordance with laws and regulations shall not be included in the list of debtor’s property to which claims of creditors are to be directed.

[*31 May 2018*]

**Section 93. Recovered Property**

(1) Within the meaning of this Law, recovered property is funds and also other property which:

1) has been included in debtor’s property during insolvency proceedings of a legal person on the basis of rights to claim against third persons;

2) has been recovered, recognising transactions as invalid;

3) has been recovered by reclaiming the debts covered (Section 99);

4) has been recovered by reclaiming the subject of a possessory pledge.

(2) The following shall be equated to recovered property:

1) funds and property which has been acquired from members of the administrative bodies of a legal person based on their obligation to be liable for the losses caused;

2) funds and property which has been acquired from the personally responsible members of a partnership based on their obligation to be liable for the partnership’s obligations;

3) funds which have been acquired from participants (shareholders) and members of other administrative bodies in the criminal insolvency proceedings of a legal person and in other cases provided for in the Law.

**Section 94. Property Belonging to Third Persons**

(1) The list of debtor’s property against which the claims of creditors are made shall not include property in the possession or holding of the debtor that belongs to third persons.

(2) The administrator shall ensure the maintenance of property belonging to third persons until it is transferred to these persons. The third persons have the obligation to cover expenses which have arisen in connection with the maintenance of property owned thereby, if these persons do not reclaim their property upon request of the administrator.

(3) If property belonging to third persons is alienated during insolvency proceedings, the value of this property shall be reimbursed by the person due to whose fault the property owned by third persons has been alienated.

(4) This Section shall also be applicable in respect of funds or financial instruments which, based on the financial security agreement, have been used as security financing for the fulfilment of obligations.

**Section 95. Management of Debtor’s Property**

(1) After proclamation of insolvency proceedings of the debtor, the rights to manage debtor’s property shall be acquired by the administrator.

(2) The administrator shall manage debtor’s property, take authorisation for the recovery thereof and act with this property within the scope of the authorisation specified in this Law.

(3) The administrator shall manage property as an honest and careful proprietor.

(4) Monetary funds which are received from the management of debtor’s property shall be deposited to a separate current account of the debtor.

**Chapter XVII**

**Contesting of Transactions**

**Section 96. Recognition of Transactions as Invalid**

(1) The administrator has the duty to evaluate debtor’s transactions and bring an action to court regarding the recognition of the respective transaction as invalid regardless of the type of transaction, if it has been concluded:

1) after the day of proclamation of insolvency proceedings of a legal person or four months prior to the day of proclamation of insolvency proceedings of a legal person and thereby losses have been caused to the debtor regardless of whether the person with whom or for whose benefit the transaction has been concluded, knew or did not know of the losses caused to the creditors;

2) within three years prior to the day of the proclamation of insolvency proceedings of a legal person and thereby losses have been caused to the debtor, moreover, the person with whom or for whose benefit the transaction has been concluded, knew or should have known of the causing of such losses.

(2) If the transaction through which losses have been caused to the debtor has been concluded with interested persons with respect to the debtor or for the benefit of such persons, it shall be considered that such persons have known of the causing of losses, unless they prove otherwise. Within the meaning of this Section, the members of a cooperative society shall not be considered as the interested persons within the meaning of the Cooperative Societies Law.

(3) A secured creditor may request that a transaction concluded by the administrator be declared invalid, if such a transaction is related to property pledged for security of a claim and the interests of the secured creditor have been injured.

(4) The time limits specified in Paragraph one of this Section shall not include the time during which the debtor was subject to the legal protection proceedings.

(5) The administrator shall not be entitled to bring an action to a court regarding the recognition of a transaction which has been concluded in the legal protection proceedings and refers to interim financing or new financing as invalid solely on the grounds that the relevant transaction has caused harm to the interests of the body of creditors, except where there are other grounds for recognising the transaction as invalid, including where the actions of the parties are deemed to be malicious or in bad faith or the transaction has been concluded with the interested persons.

(6) The provisions referred to in Paragraph five of this Section shall also apply to other transactions that are objectively necessary for the legal protection proceedings, including:

1) payments for the development of and agreement upon the plan of measures of legal protection proceedings and the submission thereof to the court;

2) remuneration of the supervisory person of legal protection proceedings;

3) costs of the evaluation of economic activity;

4) work remuneration for employees for work already performed, without prejudice to any other protection provided for in the legal acts of the European Union or national laws and regulations;

5) any other expenses incurred within the scope of regular economic activity.

[*25 September 2014; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 97. Appeal of Transactions Without Compensation**

(1) The administrator has a duty to evaluate and bring an action to court regarding the transfer of debtor’s property or a part thereof given as a gift in accordance with the provisions of Section 1927 of the Civil Law.

(2) Paragraph one of this Section shall not apply to societies, foundations, and similar organisations which perform donations or other type of gift within the scope of the usual activities thereof, if such a transaction does not differ significantly from the transactions concluded in the previous year prior to the day of the proclamation of insolvency proceedings of a legal person.

(3) Regulations regarding non-exchange transactions shall be applicable to a transaction which has been concluded in the three years prior to the day of the proclamation of insolvency proceedings of a legal person, or thereafter, and in which the inequality of the mutual obligations of the parties indicate that a donation has actually been made.

(4) A donation may be appealed and the return requested if it has been illegal or has not been used for the purposes provided for.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 98. Recognition of Pledge Contracts as Invalid**

(1) A pledge contract shall be recognised as invalid if the pledge rights have been founded after making of the entry in the Insolvency Register on the proclamation of insolvency proceedings of the debtor.

(2) The administrator has an obligation to bring an action to court regarding the recognition of a pledge contract as invalid, if the circumstances referred to in Paragraph one of this Section are established.

**Section 99. Return of Amounts Paid for the Settlement of Debts**

(1) The amounts of money which the debtor has paid for covering the debt within the six months prior to the day of proclamation of insolvency proceedings of a legal person, and also after the day of proclamation of insolvency proceedings of a legal person (except for the amounts of money which the administrator has paid during insolvency proceedings of a legal person) shall be repayable if at least one of the following conditions is established:

1) the payment has been made prior to the entering into effect of the time limit for the honouring of obligations, if other payment obligations have not been honoured for which the time limit for honouring has entered into effect, and it is possible to renew the obligations and rights of the parties referred to in Paragraph three of this Section;

2) the debt has been paid to interested persons in respect of the debtor, and other obligations for which the time limit for honouring has entered into effect prior to the time limit for honouring of the obligations of interested persons, have not been honoured. This provision shall also apply to debts collected by bailiffs from which the expenses necessary for the enforcement of a judgment have been deducted.

(2) The creditor shall repay the amount of money to the debtor which the debtor has paid within the last three months prior to the day of the proclamation of insolvency proceedings of a legal person in order to prevent the proclamation of insolvency proceedings of the debtor after the application by the creditor of the recipient of the amount of money.

(3) If the amounts paid for the settlement of debts are returned in the cases provided for in Paragraphs one and two of this Section, the obligations of parties (including reinforcement of obligations) and the respective rights that were in effect until the settlement of the debts shall be renewed.

**Section 100. Requirements for the Appeal or Cancellation of Transactions against the Successors to Rights and Obligations**

(1) The administrator has an obligation to bring an action to court regarding the appeal or cancellation of a transaction also against the heirs of the transaction participants.

(2) The administrator has a duty to bring an action to court against other successors to rights and obligations, if:

1) at the moment of the takeover of rights, the successor to rights was an interested person in relation to the debtor;

2) the rights were acquired without compensation.

**Chapter XVIII**

**Performance and Termination of Contracts**

**Section 101. Administrator’s Right to Choose**

(1) If the contract entered into by the debtor has not been performed or has been partially performed on the day of the proclamation of insolvency proceedings of a legal person, the administrator is entitled to request the performance from the other contracting party or to unilaterally withdraw from the contract. The administrator has the right to perform the contract if such action does not reduce the debtor’s assets.

(11) The administrator is entitled to unilaterally withdraw from an unperformed or partially performed contract concluded within the scope of the legal protection proceedings by justifying such withdrawal, except for the case where the fact that the contract in question has caused harm to the interests of the creditors in general has been stated as the sole reason for such withdrawal.

(2) If the administrator unilaterally withdraws from the performance of the contract, the other contracting party has the right to submit his or her claim of a creditor.

(3) The continuation of the performance of contracts which have not been terminated in the cases provided for by law, and also the performance of the contracts which have been entered into by the administrator on behalf of the debtor with third persons during insolvency proceedings of a legal person, are financed from the debtor’s funds.

(4) If the debtor is an insurer, then the administrator shall, by assessing the interests of the policy-holder, evaluate the need for the transfer, termination or continuation of the insurance contracts entered into, and perform all the lawful activities in order to transfer, terminate or continue the insurance contracts entered into.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 102. Termination of an Authorisation Contract and the Termination of Procure and Ordinary Franchises**

(1) The task given by the debtor to his or her authorised representative (including the proctor and person with a commercial power of attorney) in respect of his or her property to which claims of creditors are addressed shall lose effect from the day of the proclamation of insolvency proceedings of a legal person.

(2) If the execution of the task is connected to the risk of losses, the authorised representative (including the proctor and person with a commercial power of attorney) may execute this until the day when the administrator takes over the debtor’s property. In respect of expenses which have been incurred by the authorised representative (including the proctor and person with a commercial power of attorney) in connection with the execution of tasks, he or she may submit his or her claim of a creditor to the administrator.

**Section 103. Termination of an Employment Contract**

(1) After the proclamation of insolvency proceedings of the debtor, the administrator has the right to terminate the employment contract with the employee of the debtor. In such case the provisions of Section 101, Paragraph one, Clauses 9 and 10 of the Labour Law shall be considered to be lawful grounds for the termination of the employment contract, and the provisions of Section 103, Paragraph one, Clause 3 of the Labour Law regarding the time limit for the termination of an employment contract are not applied. If an employee has entered into a collective agreement, the administrator has the right not to apply the norms thereof regarding the termination of an employment contract, including the costs related to the termination.

(2) The norms of the Labour Law regarding collective redundancy shall not be applied to insolvency proceedings of a legal person.

**Section 104. Restrictions on a Set-off**

A set-off in insolvency proceedings of a legal person shall be permissible if the mutual claims of the debtor and creditor have arisen at least six months prior to the proclamation of insolvency proceedings of a legal person.

**Section 105. Cession of Claims**

The administrator may cede the debtor’s claims against third persons if the recovery of debts may be hindered or extended.

**Chapter XIX**

**Transition from Insolvency Proceedings of a Legal Person to Legal Protection Proceedings**

**Section 106. Admissibility of Legal Protection Proceedings**

The transition from insolvency proceedings of a legal person to legal protection proceedings shall not be permissible if insolvency proceedings of a legal person have been proclaimed for the debtor on the basis of Section 57, Paragraph one, Clause 7, 8, or 9 of this Law.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 107. Transition to Legal Protection Proceedings**

(1) Legal protection proceedings shall be applicable to the debtor in conformity with the regulations of the extrajudicial legal protection proceedings. In such case the following persons are entitled to submit an application for the termination of insolvency proceedings of a legal person, the proclamation of legal protection proceedings, and also to draw up a plan of measures of legal protection proceedings:

1) the representative of the debtor;

2) the administrator;

3) the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council and initiated against a debtor in another Member State;

4) a creditor or group of creditors.

(2) The plan of measures of legal protection proceedings shall be considered to be supported if it has been agreed upon by the majority of the creditors specified in Section 42, Paragraph three of this Law.

(3) The costs of insolvency proceedings of a legal person and the remuneration for the drawing up of the plan of measures of legal protection proceedings shall be included in the plan of measures of legal protection proceedings, and they shall be covered in the full amount prior to the honouring of the claims of creditors.

(4) Employees’ claims which are covered from the funds of the employee claim guarantee fund shall be included in the plan of measures of legal protection proceedings and be covered in the full amount prior to covering the costs of insolvency proceedings of a legal person.

(5) If the insolvency proceedings specified in Article 3(2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia, prior to the submission of an application for legal protection proceedings to a court, a written consent to the plan of measures of legal protection proceedings shall be received from the administrator involved in the insolvency proceedings specified in Article 3(1) of this Regulation.

[*22 December 2016; 31 May 2018*]

**Section 108. Informing Creditors of the Application of Legal Protection Proceedings**

Prior to submitting the relevant application to a court the person who has drawn up and reached an agreement on the plan of measures of legal protection proceedings has an obligation to inform the administrator and creditors, and also the debtor accordingly, if the plan has not been drawn up by debtor’s representative.

**Section 109. Effects of the Proclamation of Legal Protection Proceedings and Termination of Insolvency Proceedings of a Legal Person**

(1) After the court has given a ruling on the implementation of legal protection proceedings, the effects of the proclamation of insolvency proceedings of a legal person shall be terminated and the effects of the implementation of legal protection proceedings shall take effect, and the operations of the debtor’s administrative body is also restored.

(2) After the court has given a ruling on the implementation of legal protection proceedings, the administrator shall hand over all his or her property into the ownership of the debtor, within seven days.

**Chapter XX**

**Sale of Property in Insolvency Proceedings of a Legal Person**

**Section 110. Property to be Sold**

The debtor’s property indicated in Section 92 of this Law is sold in insolvency proceedings of a legal person, except for money.

**Section 111. Sale of Debtor’s Property**

(1) Within two months after the day of the proclamation of insolvency proceedings of a legal person, the administrator shall draw up a plan for the sale of debtor’s property or a report on the non-existence of debtor’s property.

(2) The sale of debtor’s property takes place for the highest price possible in order to ensure the covering of the claims of creditors.

(3) The debtor’s property serving as security (pledged property) is sold in accordance with the provisions of Section 116 of this Law.

(4) The administrator shall take the decision on the method of sale of the debtor’s non-pledged property (with or without an auction).

(5) Funds which are connected to the sale of debtor’s property shall be transferred into the debtor’s account.

(6) All the debtor’s property is to be sold within six months after proclamation of insolvency proceedings of a legal person. The administrator may extend the time limit for the sale of the debtor’s non-pledged property for up to six months, notifying the creditors thereof in accordance with the procedures laid down in Section 81 of this Law, and substantiating the reason for extending the time limit. If the creditors do not agree to extended time limit for the sale of the debtor’s non-pledged property, they have the right to propose the convening of a creditors’ meeting in accordance with the provisions of Section 84, Clause 1 of this Law.

(7) If debtor’s property cannot be sold or the property sales costs exceed the projected revenues, the administrator shall exclude it from the plan for the sale of the property and shall, without delay, notify all creditors thereof in accordance with the procedures laid down in Section 81 of this Law, inviting them to retain the property to themselves at its initial price. A creditor who agrees to decrease the debt by the value of the property the administrator was unable to sell, shall notify the administrator thereof within two weeks after sending of the administrator’s invitation. If there is more than one creditor wishing to retain the same property, the administrator shall organise an auction between these creditors in accordance with the procedures laid down in the Civil Procedure Law. If creditors do not agree to the exclusion of the property from the plan for the sale of the property, they have the right to propose the convening of a creditors’ meeting in accordance with the provisions of Section 84, Clause 1 of this Law.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 112. Report on the Non-Existence of Debtor’s Property**

(1) If the administrator establishes that the debtor has no property or its value is lower than the deposit amount, he or she shall draw up a report on the non-existence of the debtor’s property, indicating:

1) the debtor’s financial status;

2) an evaluation of the possibility to recover the debtor’s property indicated in Section 93 of this Law;

3) the costs of the planned insolvency proceedings of a legal person, if these are to be continued;

4) a proposal to ensure the financing for insolvency proceedings of a legal person;

5) a proposal for the further solution of insolvency proceedings of a legal person – to terminate or to continue insolvency proceedings of a legal person;

6) information on the intention to bring an action against the debtor’s executive board in accordance with Section 72.1 of this Law.

(2) The administrator shall send the report to all creditors on the non-existence of debtor’s property without delay, after expiry of the time limit referred to in Section 111, Paragraph one of this Law, in accordance with the procedures laid down in this Law.

(3) If a proposal regarding the financing of insolvency proceedings of a legal person is received within 15 days from the day when the report is sent on the non-existence of debtor’s property, the administrator shall enter into the agreement specified in Section 168, Paragraph three of this Law and continue insolvency proceedings of a legal person.

(4) If no objections by the creditors are received within 15 days from the day when the report on the non-existence of debtor’s property is sent, the administrator shall implement the proposal for the further solutions of the proceedings indicated in the report on the non-existence of debtor’s property.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 113. Plan for the Sale of Debtor’s Property**

(1) The administrator shall include the following information in the plan for the sale of debtor’s property:

1) a list of the debtor’s non-pledged property;

2) an evaluation of the debtor’s non-pledged property;

3) the estimated amount of funds which are planned to be acquired by selling the debtor’s non-pledged property, indicating separately the amount of funds which are planned to be acquired with or without an auction, additionally indicating the amount of funds which are planned to be acquired by selling the debtor’s property as a whole with or without an auction;

4) the method for the sale of the debtor’s non-pledged property (with or without an auction);

5) a list of the debtor’s pledged property;

6) an evaluation of the debtor’s pledged property;

7) the method for the sale of the debtor’s pledged property agreed upon with the secured creditor (with or without an auction);

8) the amount of funds planned to be acquired by selling the debtor’s pledged property;

9) information on the cession of claims, if such is provided for;

10) the source of financing for insolvency proceedings of a legal person;

11) the planned costs of insolvency proceedings of a legal person – the remuneration of the administrator and expenses of the proceedings;

12) the deadline for the sale of debtor’s property;

13) information on the intention to bring an action against the debtor’s executive board in accordance with Section 72.1 of this Law.

(2) The administrator shall send the plan for the sale of debtor’s property to all creditors, the debtor’s representative, and the guarantor without delay, after expiry of the time limit referred to in Section 111, Paragraph one of this Law, in accordance with the procedures laid down in this Law.

(3) Within 15 days from sending the plan for the sale of debtor’s property the creditor and debtor’s representative have the right to submit to the administrator a proposal for the sale of debtor’s property as a whole. Each creditor has the right to object to the administrator’s proposal for the method for the sale of the debtor’s non-pledged property, the cession of the claims offered and the planned costs of insolvency proceedings of a legal person.

(4) If the administrator, when evaluating the objections received, recognises them as justified, he or she shall update the plan accordingly and notify the parties involved thereof. If the administrator does not recognise the objections received as justified, he shall provide a reasoned response to the submitter.

(5) The administrator shall commence the sale of debtor’s property according to the method of sale proposed in the plan for the sale of debtor’s property not sooner than two weeks after sending the plan to the creditors, the representative of the debtor, and the guarantor, but not later than one week after the plan being considered as agreed upon.

(6) If debtor’s property is intended to be sold without auction in the plan for the sale of debtor’s property and enforcement proceedings have been commenced in respect of this property, the administrator, when commencing the sale of the property, shall inform the bailiff who is organising the specific enforcement proceedings accordingly.

(7) If the implementation of the plan for the sale of debtor’s property is not possible, the administrator shall inform the creditors thereof without delay, sending an updated plan for the sale of debtor’s property. The updated plan for the sale of debtor’s property shall be agreed upon in accordance with the procedures laid down in Paragraphs three and four of this Section.

(8) If, prior to the preparation of the plan for the sale of debtor’s property, the administrator establishes movable property in the debtor’s property which is perishing or becoming significantly worthless, he or she shall sell it without delay for as favourable a price as possible, informing the creditors of this and of the funds acquired after sale.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 114. Sale of Debtor’s Establishment or Independent Part Thereof**

(1) When preparing a plan for the sale of debtor’s property, the administrator shall assess a possibility of selling the debtor’s establishment or an independent part thereof.

(2) If the debtor’s pledged property is also contained in the establishment, the administrator shall receive the secured creditor’s consent for the sale of the establishment.

(3) When selling an establishment or an independent part thereof, the creditors’ gain from the sale of the establishment or independent part thereof must be greater than if the debtor’s property was sold separately.

(4) If the administrator has taken the decision to sell the establishment or an independent part thereof at an auction, then the auction occurs in accordance with the procedures by which the sale of immovable property is intended, and this shall be carried out by the administrator.

(5) When deciding on the sale of the establishment or an independent part thereof, the administrator shall draw up a list in which the tangible and intangible items contained in the establishment or independent part thereof to be sold and the economic gain belonging to the establishment or independent part thereof shall be included.

(6) In case of the sale of the establishment or an independent part thereof, all the rights and liabilities of the debtor shall be transferred to the beneficiary, except for the debtor’s liabilities which have arisen prior to the declaration of insolvency proceedings of a legal person, unless the debtor and the beneficiary have agreed otherwise.

(61) In case of the sale of the establishment or an independent part thereof, the claims of creditors recognised in insolvency proceedings shall not be transferred to the beneficiary.

(7) The decision to approve a statement of auction of the establishment or an independent part thereof shall be taken by the court which examines the case of the debtor’s insolvency proceedings.

[*31 May 2018 / See Paragraph 67 of Transitional Provisions*]

**Section 115. Auction of Debtor’s Property**

(1) If the debtor’s property is sold at an auction, the auction thereof shall be carried out and the ownership rights recorded in the beneficiary’s name in accordance with the provisions of the Civil Procedure Law regarding the sale of property in a compulsory auction, unless otherwise laid down in this Law.

(2) If the first auction of debtor’s property within the scope of insolvency proceedings of a legal person is recognised as not having occurred, the second auction shall be organised according to the regulations of the first auction by descending step.

(21) If the second auction of debtor’s property within the scope of insolvency proceedings of a legal person is recognised as not having occurred, the administrator shall immediately send to the creditors the adjusted plan for the sale of debtor’s property by putting forward a proposal for further handling of the property.

(22) If a creditors’ request to organise the third auction has been received within 15 days after sending of the adjusted plan for the sale of debtor’s property, the costs of the auction shall be covered by the creditors who have requested it, by arranging this in writing with the administrator. The rules for the third auction shall be the same as for the second auction. If the amount of money necessary for organising the auction has not been paid by the deadline specified in the agreement, the administrator shall decline the request to organise the third auction.

(23) If no objections have been received from the creditors within 15 days after sending of the adjusted plan for the sale of debtor’s property, the administrator shall proceed with the solution he or she has proposed.

(3) The administrator shall perform the activities of the bailiff in connection with the auction of the debtor’s property specified in the Civil Procedure Law.

(4) After debtor’s property has been sold at the auction, the court has approved the statement of the auction of the immovable property, or has taken the decision to register the title to the property in the name of the creditor who has expressed the wish to retain the property, the administrator shall prepare calculations stating the expenses of the auction, the remuneration for organising the auction, value added tax if applicable to the auction price, the current tax payments and expenses related to the maintenance of debtor’s property for a period starting from the day of proclamation of insolvency proceedings until the last day of the month when a court ruling approving the auction of debtor’s property has entered into effect, and the amount to be disbursed to the creditors. Within 10 days after receipt of the calculation, the winning bidder, debtor, or creditors may appeal the calculation of the administrator to the court where the respective case of the insolvency proceedings of the legal person has been initiated.

(5) If none of the participants of the auction are bidding at the auction, the security for the purchase of debtor’s property shall not be reimbursed but shall be included in the debtor’s property instead.

(6) The administrator is entitled to set a participation fee for the second auction up to 0.1 per cent of the evaluation of debtor’s property, but not less than EUR 50.

(7) If the administrator has set a participation fee for the auction, the persons willing to participate in the second auction of debtor’s property shall pay the participation fee into the debtor’s account specified by the administrator. Before the auction, the administrator shall check whether the participation fee has been transferred to this account.

(8) The participation fee contributed by the participants of the auction shall not be reimbursed and shall be included in the debtor’s property instead.

[*25 September 2014; 31 May 2018; 16 March 2023*]

**Section 116. Sale of the Debtor’s Property Serving as Security (Pledged Property)**

(1) A secured creditor has the right to request the sale of the debtor’s property serving as security (pledged property) after expiry of the deadline specified in Section 63, Paragraph one, Clause 4 of this Law.

(2) The debtor’s property serving as security (pledged property) is sold in auctions in accordance with the procedures laid down in the Civil Procedure Law and in accordance with the provisions of Section 115 of this Law, if the secured creditor has not agreed with the administrator on selling the property without an auction. The administrator shall perform the activities of the bailiff specified in the Civil Procedure Law in respect of the auction of debtor’s property. By agreeing with the secured creditor on the sale of pledged property, the administrator shall ensure that this property is sold for as high a price as possible, taking into account the interests of non-secured creditors.

(3) If the debtor’s property serving as security (pledged property) is sold at an auction, then in cases when the auction is considered not to have taken place in accordance with the provisions of Sections 615 and 616 of the Civil Procedure Law and the secured creditor wishes to keep the property for himself or herself, such creditor has an obligation to cover all the expenses of the auction, including the costs for evaluation of the debtor’s property serving as security (pledged property), remuneration for organising the auction, and other expenses related to organising the auction, and also the immovable property tax payments and expenses related to the maintenance of debtor’s property due from the day of proclamation of insolvency proceedings up to the immovable property auction day.

(31) If the debtor’s property serving as security (pledged property) is sold at an auction, then in cases when the auction is considered not to have taken place in accordance with the provisions of Section 614 of the Civil Procedure Law, and the secured creditor does not wish to keep the property for himself or herself, the administrator shall agree with the secured creditor on further handling of the property. If a secured creditor is requesting that a third auction is organised, it shall be organised in accordance with the procedures laid down in Section 115, Paragraph 2.2 of this Law. If the administrator fails to reach an agreement with the secured creditor on further handling of the property, including on the sale of the property without an auction, or establishes the fact of the circumstances referred to in Section 111, Paragraph seven of this Law, the administrator shall take the decision on further handling of the property and shall notify the secured creditor thereof in accordance with the procedures laid down in Section 81 of this Law. If the secured creditor has any objections in respect of the received notification, it shall express them in accordance with the procedures laid down in Section 82 of this Law.

(4) If, by selling the debtor’s pledged property, an amount of money is received which exceeds the claims of the secured creditor and auction expenses, these funds shall be transferred to the debtor’s property with which other claims of creditors shall be settled.

(5) If, by selling the debtor’s pledged property, an amount of money is received which does not cover the claims of the secured creditors, after taking of the decision by the administrator the relevant creditors shall acquire the rights of a non-secured creditor for the part of the claim not covered. The amount of the main claim not covered and the ancillary claim not covered shall be indicated separately in the administrator’s decision. If a secured creditor has submitted his or her claims to the administrator within the deadline specified in Section 73, Paragraph one of this Law, the voting rights for the part of the claim not covered shall be granted to the secured creditor in accordance with the procedures laid down in Section 87 of this Law.

(6) When settling a claim of the secured creditor from funds received by selling the pledged property, the main claim is covered first, followed by the interest and finally the penalties.

[*25 September 2014; 16 March 2023*]

**Chapter XXI**

**Settling the Claims of Creditors in Insolvency Proceedings of a Legal Person**

**Section 117. List of the Costs of Insolvency Proceedings of a Legal Person and the Plan for Settling the Claims of Creditors**

(1) Within 15 days after implementation of the plan for the sale of debtor’s property, the administrator shall draw up a list of the costs of insolvency proceedings of a legal person and a plan for settling the claims of creditors in accordance with the procedures laid down in Section 118 of this Law.

(2) The administrator shall send all the creditors the list of the costs of insolvency proceedings of a legal person and the plan for covering the claims of creditors without delay after expiry of the deadline specified in Paragraph one of this Section, in accordance with the procedures laid down in this Law.

(3) The administrator shall commence the settling of the claims of creditors in accordance with the list of the costs of insolvency proceedings of a legal person and the plan for covering the claims of creditors, if no objections by the creditors are received within 15 days after sending of the list of the costs of insolvency proceedings of a legal person and the plan for covering the claims of creditors.

(4) If objections are received in respect of the plan for settling the claims of creditors within 15 days after sending of the list of the costs of insolvency proceedings of a legal person and the plan for settling the claims of creditors and the administrator, when evaluating the objections received recognises them as substantiated, he or she shall update the plan accordingly and notify the creditors thereof. If the administrator does not recognise the objections received as substantiated, he shall provide a reasoned response to the submitter thereof.

(5) If objections are received in respect of the costs of insolvency proceedings of a legal person within 15 days after sending of the list of the costs of insolvency proceedings of a legal person and the plan for settling the claims of creditors, the decision to approve the costs of insolvency proceedings of a legal person shall be taken by the creditors’ meeting.

(6) Within 15 days after implementation of the plan for settling the claims of creditors, the administrator shall notify the creditors accordingly.

(7) If, at the time of drawing up a list of the costs of insolvency proceedings of a legal person and a plan for settling the claims of creditors, legal proceedings are in progress which have been initiated or renewed within a period set by the court because a dispute has been established regarding rights, then in respect of the decision of the administrator on recognition, non-recognition, or partial recognition of the claim of a creditor, the time limits referred to in this Section shall commence on the day when the court ruling in the relevant legal proceedings enters into effect.

[*25 September 2014; 31 May 2018*]

**Section 118. Procedures for Settling the Claims of Creditors in Insolvency Proceedings of a Legal Person**

(1) The costs of insolvency proceedings of a legal person are covered in full in the first place, from the debtor’s funds, including funds acquired by alienating the debtor’s property, or from other sources of financing of insolvency proceedings of a legal person (the funds of creditors, other natural persons or legal persons), except for funds which have been acquired in the case specified in Section 116 of this Law.

(2) After fully covering the costs of insolvency proceedings of a legal person specified in Paragraph one of this Section, the claim of the Insolvency Control Service is settled, if the claims of the debtor’s employees are settled from the funds of the employee claim guarantee fund in accordance with the law On Protection of Employees in Case of Insolvency of Employer.

(3) After settling of the claims specified in Paragraph two of this Section in full, the following employees’ claims are settled:

1) work remuneration for the last three months of employment relationship in the 12 month period prior to the proclamation of the employer’s insolvency proceedings of a legal person;

2) reimbursement for the annual paid leave the right to which is based on the 12 month period prior to the proclamation of the employer’s insolvency proceedings;

3) reimbursement for other type of paid leave in the last three months of employment relationship within the 12 month period prior to the proclamation of the employer’s insolvency proceedings of a legal person;

4) severance pay in connection with the termination of employment relationship in the minimum amount specified in the law the right to which was acquired not sooner than in the 12 month period prior to the proclamation of the employer’s insolvency proceedings of a legal person;

5) compensation for harm in connection with an accident at work or an occupational disease for the full unpaid time limit until the proclamation of the employer’s insolvency proceedings of a legal person and the amount of compensation for harm for four years in advance, if the accident at work has taken place or the occupational disease acquired until 1 January 1997, and also where an employee who is not considered as an insured person in accordance with the law On Mandatory Social Insurance in Respect of Accidents at Work and Occupational Diseases whose occupational disease which has arisen due to the employee performing work in hazardous work conditions until 1 January 1997 has been determined after 1 January 1997;

6) payments of the mandatory State social insurance contributions and personal income tax which are related to the claims referred to in this Paragraph.

(4) Tax claims of the tax administration (creditor) which are submitted within the time limit for the submission of claims of creditors referred to in Section 73, Paragraph one of this Law, are settled in the amount of the principal debt after settling the costs of insolvency proceedings of a legal person and the claims of creditors specified in Paragraphs two and three of this Section.

(5) After covering the costs of insolvency proceedings of a legal person referred to in Paragraph one of this Section and the settlement of the claims of creditors specified in Paragraphs two, three, and four of this Section, the remaining funds of the debtor are divided for the settlement of the remaining claims of those non-secured creditors in the amount of the principal debt (without interest) who have submitted their claims by the deadline for the submission of claims of creditors referred to in Section 73 of this Law. At this round, the claims of the secured creditors are also settled for the non-secured part thereof and the part not covered in the claims of the secured creditors in accordance with Section 76 of this Law, if the claims of the secured creditors have been submitted by the deadline referred to in Section 73 of this Law.

(51) The claims of the grantors of aid arising from claims in the cases referred to in Chapters IV and V of the Law on Control of Aid for Commercial Activity shall be settled in accordance with the procedures laid down in Paragraph five of this Section, provided that in such case the main claim and ancillary claim shall be indivisible and settled concurrently.

(6) If debtor’s funds are insufficient to settle in full all the claims of creditors referred to in Paragraph five of this Section, the respective claims shall be settled in proportion to the amount due to each creditor.

(7) [25 September 2014]

(8) [25 September 2014]

(9) From the debtor’s funds remaining after settling the claims of the non-secured creditors in the amount of the principal debt, the ancillary claims of the non-secured creditors are settled (in proportion to the amount due to each creditor).

(10) The debtor’s funds remaining after settling the costs of insolvency proceedings of a legal person indicated in this Section and settling the claims of creditors are divided to the participants of the debtor (shareholders) or members in proportion to the size of each investment, the debtor (natural person), the heir (in respect of an inheritance) or persons yielding the property of an association or foundation in accordance with laws and regulations or the articles of association of the respective association or foundation.

(11) If the insolvency proceedings specified in Article 3(2) of Regulation No 2015/848 of the European Parliament and of the Council have been initiated against the debtor in Latvia, the administrator shall transfer the relevant funds remaining after settlement of the costs of insolvency proceedings of a legal person specified in Paragraph one of this Section and settlement of the claims of creditors specified in Paragraphs two, three, four, five, and nine of this Law, to the administrator involved in the insolvency proceedings specified in Article 3(1) of the relevant Regulation.

(12) From the funds acquired by selling debtor’s establishment or an independent part thereof, the costs related to the sale of the property and the claims of the secured creditors are covered in the first place in the amount of the pledged property, but not exceeding the amount of the security. The remaining funds are divided in accordance with the procedures laid down in this Section.

[*25 September 2014; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 118.1 Procedures for Settling the Claims of Creditors in Case when a Claim of the Secured Creditor has been Filed where the Right to Claim is Conditional**

(1) Any funds acquired from the sale of the debtor’s property serving as security for a claim of the secured creditor where the right to claim is conditional shall be deposited by the administrator in an escrow account specially created by the Insolvency Control Service with the Treasury until the moment when the secured creditor has submitted to the Insolvency Control Service a notification on materialisation of the condition.

(2) The funds referred to in Paragraph one of this Section shall be kept for not longer than three years after the sale of the pledged property in favour of the secured creditor whose right to claim was conditional, or five years after proclamation of insolvency proceedings of the debtor, whichever occurs earlier.

(3) If the secured creditor whose right to claim is conditional has specified a date in the submission by which the condition should materialise, and has failed to submit a notification to the Insolvency Control Service on the materialisation of the condition, then the funds referred to in Paragraph one of this Section shall be kept until the date specified in the submission.

(4) If the secured creditor whose right to claim is conditional has failed to submit a notification to the Insolvency Control Service on the materialisation of the condition by the time limit specified in Paragraph two or three of this Section, then the funds referred to in Paragraph one of this Section are disbursed in accordance with the provisions of Section 118 of this Law. If the condition has materialised which is contingent to the secured creditor’s right to claim and the amount of the claim is lower than the cash amount referred to in Paragraph one of this Section, the remaining funds shall be disbursed in accordance with the provisions of Section 118 of this Law.

(5) The Cabinet shall determine the procedures for depositing the funds in the escrow account specially created by the Insolvency Control Service with the Treasury which have been acquired by selling debtor’s property serving as security for a claim of the secured creditor where the right to claim is conditional, and for disbursing such funds to the creditors.

[*25 September 2014; 31 May 2018*]

**Section 119. Termination of Insolvency Proceedings of a Legal Person**

(1) If no objections from creditors have been received within 15 days after sending of the notification on the implementation of the plan for settling the claims of creditors, the administrator shall submit an application to court for the termination of insolvency proceedings of a legal person, appending the notification on the implementation of the plan for settling the claims of creditors.

(2) If objections from creditors are received within 15 days after sending of the notification on the implementation of the plan for settling the claims of creditors, the administrator shall:

1) rectify the deficiencies in the implementation of the plan for settling the claims of creditors within five days, if the objections are taken into account, and submit an application to court for the termination of insolvency proceedings of a legal person, appending thereto an updated notification on the implementation of the plan for settling the claims of creditors;

2) if the objections are not taken into account, submit an application to court for the termination of insolvency proceedings of a legal person, appending thereto a notification on the implementation of the plan for settling the claims of creditors and inform the court of the objections received.

(3) The application referred to in Paragraphs one and two of this Section shall be submitted to court within 10 days after expiry of the deadline specified in Paragraphs one and two of this Section.

(4) If the administrator has included a proposal to terminate insolvency proceedings of a legal person in the report on the non-existence of debtor’s property referred to in Section 112 of this Law, and no objections are received from creditors, the administrator shall submit to court an application for the termination of insolvency proceedings of a legal person within 15 days after expiry of the deadline specified in Section 112, Paragraph four of this Law.

**Section 120. Effects of the Termination of Insolvency Proceedings of a Legal Person**

(1) If insolvency proceedings of a legal person are terminated concurrently with the court ruling for the implementation of the debtor’s legal protection proceedings, the powers of the administrator as an administrative body in the respective insolvency proceedings of a legal person shall expire and the debtor’s rights to manage his or her property, and also the activity of the debtor’s administrative body, shall be restored.

(2) If insolvency proceedings of a legal person are terminated in connection with the completion of the debtor’s insolvency proceedings of a legal person, the administrator shall destroy the debtor’s stamps and unused debtor’s forms within one day after receipt of the court ruling and draw up a statement on the destruction of the stamp and debtor’s forms, and destroy the unused strict accountability receipt forms in accordance with the procedures laid down in laws and regulations.

(3) [25 September 2014]

(4) Within five days after receipt of the court decision to complete the proceedings, the administrator shall submit to the Enterprise Register an application for the deletion of the debtor from the relevant register, together with a statement from the State Archives that the debtor’s documents have been handed over for storage.

(5) If insolvency proceedings of a legal person are terminated in connection with the completion of the debtor’s insolvency proceedings of a legal person, the administrator’s powers shall be terminated upon exclusion of the debtor from the relevant public register.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Chapter XXII**

**Features of Insolvency Proceedings of Partnerships**

[*16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 121. Rights of the Creditors whose Claims do not Arise from Debtor’s Commercial Activities**

(1) If insolvency proceedings of a legal person are proclaimed for a partnership, the complementary creditors of the partnership shall also have the creditor’s rights specified in this Chapter.

(2) If the creditors referred to in Paragraph one of this Section do not file their claims in accordance with Section 73 of this Law, the provisions of Section 122 of this Law shall not apply thereto.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 122. Limitation Period of the Right to Claim**

(1) After completion of insolvency proceedings of a partnership in accordance with the procedures laid down in Chapter XXI of this Law, the non-covered right to claims of creditors shall have the limitation period specified in the Commercial Law.

(2) The right to claim of creditors referred to in Section 121, Paragraph one of this Law shall also have the limitation period referred to in Paragraph one of this Section if these creditors have filed their claims in insolvency proceedings of a partnership.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 123. Right to Use Insolvency Proceedings of a Natural Person**

A natural person who has been a complementary in a partnership regarding which the insolvency proceedings of a legal person have been terminated has the right to address the court with an application for insolvency proceedings of a natural person.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Chapter XXIII**

**Features of Insolvency Proceedings of the Producer of Agricultural Products**

**Section 124. Initiation of Insolvency Proceedings and Sale of the Property of a Producer of Agricultural Products**

(1) Insolvency proceedings of the producer of agricultural products shall be implemented in accordance with the provisions of insolvency proceedings of a legal person, unless it is laid down otherwise in this Chapter.

(2) In insolvency proceedings a producer of agricultural products shall be mean the subject of insolvency proceedings of a legal person from whose annual income more than 50 per cent on the day of the proclamation of insolvency proceedings of a legal person is formed by revenue from the production and processing of agricultural products.

(3) When deciding on the sale of the property of a producer of agricultural products, the seasonal nature of agricultural products and dependence on nature and climatic conditions, and also the opportunity for settling the claims of creditors from income which the producer of agricultural products may acquire at the end of the respective period of agricultural activities, shall be taken into account.

(4) In order to obtain income from produced or processed agricultural products, the sale of the property of a producer of agricultural products is commenced not before the end of the respective period of agricultural activities, conforming to the period necessary in order to sell the produced or processed agricultural products. This time limit may not exceed one year. This may be extended by six months by consent of the creditors’ meeting.

**Section 125. Sale of the Property of a Producer of Agricultural Products**

(1) When selling the property of a producer of agricultural products, the property as a whole shall be offered for sale in the first place.

(2) A person who is engaged in the production or processing of agricultural products and whose property is a plot of land bordering the plot of land belonging to the debtor shall have pre-emptive rights to purchase the property of the producer of agricultural products as a whole, for its evaluation price.

(3) If several persons who meet the provisions of Paragraph two of this Section wish to acquire the item for sale as a whole, an auction by ascending step is organised between them.

(4) If no persons who meet the provisions of Paragraph two of this Section apply to purchase the item for sale as a whole within one month from the day of the offer being expressed, the item shall be sold as a whole in accordance with the general procedures laid down in this Law.

**Section 126. Provisions for the Sale of the Property of a Producer of Agricultural Products**

(1) If the property of a producer of agricultural products is not sold as a whole in accordance with the procedures provided for in Section 125 of this Law, the property of this producer of agricultural products may be sold in accordance with the general procedures provided for in this Law.

(2) When selling the immovable property owned by a producer of agricultural products which is used in the production or processing of agricultural products, a producer of agricultural products from the administrative territory of the site of the immovable property has the pre-emptive rights to purchase this property for the evaluation price specified by a certified immovable property evaluator.

(3) If several persons who meet the provisions of Paragraph two of this Section wish to acquire the immovable property referred to in Paragraph two of this Section, an auction by ascending step is organised between them.

**Division D**

**Insolvency Proceedings of a Natural Person**

**Chapter XXIV**

**General Provisions of Insolvency Proceedings of a Natural Person**

**Section 127. Subjects of Insolvency Proceedings of a Natural Person**

(1) A subject of insolvency proceedings of a natural person may be any natural person who has been a taxpayer in the Republic of Latvia in the previous six months and who is in financial difficulties (hereinafter in this Division – the debtor).

(2) The debtor’s guardian or trustee in insolvency proceedings of a natural person shall implement the debtor’s rights and duties in accordance with the requirements of the Civil Law.

(3) The insolvency proceedings of a natural person shall also be applicable to the debtors who are concurrently sole proprietorships or owners of an individual (family) undertaking, farm, or fishing enterprise.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 128. Basic Conditions of Insolvency Proceedings of a Natural Person**

(1) The provisions of insolvency proceedings of a legal person are applied to insolvency proceedings of a natural person in conformity with the provisions of this Chapter.

(2) The debtor has the rights and obligations of a debtor’s representative specified in this Law.

(3) Insolvency proceedings of a natural person comprise the bankruptcy procedure and the procedure for extinguishing obligations in succession.

(4) Within the scope of the bankruptcy procedure all the debtor’s property are sold off, and the funds acquired from the sale shall be transferred for settling the claims of creditors, except for the property specified in Annex 1 to the Civil Procedure Law and the amounts referred to in Section 596.

(5) Within the scope of the procedure for extinguishing obligations, the debtor’s income are shifted for settling the claims of creditors and after expiry of the time limit for the procedure for extinguishing obligations, the obligations not covered within the scope of this procedure are extinguished.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 129. Features and Prerequisites of Insolvency Proceedings of a Natural Person**

(1) Insolvency proceedings of a natural person may be applied to a debtor if any of the following features of insolvency proceedings of a natural person exist:

1) this person does not have the possibility to settle debt obligations for which the due date has set it, and the debt obligations exceed EUR 5000 in total;

2) in connection with provable circumstances, it will not be possible for this person to settle debt obligations which will be due within a year and the debt obligations exceed EUR 10 000 in total;

3) this person does not have a possibility to settle debt obligations out of which at least one debt obligation is based on an unsettled ancillary obligation or joint obligation between the debtor and the persons specified in Section 131, Paragraph one, Clauses 1 and 2 of this Law if it exceeds EUR 5000;

4) within the scope of the sole proprietorship, individual (family) undertaking, farm, fishing enterprise, or economic activity:

a) when applying compulsory execution means it has not been possible to enforce the court ruling regarding the recovery of debt from the debtor;

b) the debtor has not honoured one or more debt obligations from which the principal debt amount separately or in total exceeds EUR 2134 and the deadline of which has expired, and the creditor or creditors have issued or sent a warning paid by the sender to the legal address of the debtor regarding their intention to submit the application for the insolvency proceedings of a natural person, and the debtor has not paid their debt or raised justified objections to the claim within three weeks following the handing over of the warning to the postal merchant;

c) the debtor has not paid an employee the work remuneration in full, compensation for damages in connection with an accident at work or an occupational disease or has not made the mandatory social insurance payments within two months after the day specified for payment. Unless the day of payment of work remuneration is specified in the employment contract, this day shall be considered to be the first working day of the following month;

d) the debtor has not honoured its obligations which are past due for more than two months;

5) in the case where the debtor is concurrently a sole proprietorship or owner of an individual (family) undertaking, farm, or fishing enterprise:

a) according to the initial financial report of liquidation the sole proprietorship, individual (family) undertaking, farm, or fishing enterprise has insufficient assets to satisfy all the justified claims of creditors, or this condition is discovered during the course of liquidation;

b) the condition referred to in Section 51, Paragraph two of this Law has set in;

c) one of the cases referred to in Section 51, Paragraph three of this Law has set in;

d) the condition referred to in Section 51, Paragraph five of this Law has set in.

(2) A precondition for the application of insolvency proceedings of a natural person shall be the payment of a deposit for insolvency proceedings of a natural person in the amount of two minimum monthly wages into an account specially created by the Insolvency Control Service.

(21) The court may fully or partly exempt an employee from payment of the insolvency proceedings deposit, if he or she submits an application for insolvency proceedings after that when, by applying enforcement measures, it was not possible to enforce a court ruling regarding the recovery of debt from the debtor, and the employee, taking into account his or her financial situation, is not able to pay the deposit for the insolvency proceedings.

(22) In the case referred to in Paragraph 2.1 of this Section, the deposit shall be covered from the funds of the employee claim guarantee fund.

(3) The deposit for insolvency proceedings of a natural person shall be used to cover the remuneration of the administrator specified in Section 171, Paragraph one of this Law and value added tax if the administrator has been registered in the State Revenue Service Value Added Tax Taxable Persons Register.

(4) If insolvency proceedings of a natural person are not proclaimed, the deposit shall be reimbursed to the submitter of the application for insolvency proceedings of a natural person.

(41) The deposit for insolvency proceedings of a natural person shall not be repaid to the submitter of an application for insolvency proceedings of a natural person who is not the debtor in the following cases:

1) the application for insolvency proceedings of a natural person has been unjustified or deliberately false;

2) the creditor, in receiving the settlement of the claim thereof, does not revoke the application for insolvency proceedings of a natural person and the court holds a hearing for the examination of the case of insolvency proceedings of a natural person.

(42) In the cases referred to in Paragraph 4.1 of this Section, the deposit paid shall be transferred to the Treasury.

(5) The Cabinet shall determine the procedures by which the deposit for insolvency proceedings of a natural person shall be paid into the account specially created by the Insolvency Control Service and disbursed to the administrator or to the submitter of the application for insolvency proceedings of a natural person.

[*12 September 2013; 25 September 2014; 31 May 2018; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 130. Restrictions on the Application of Insolvency Proceedings of a Natural Person**

(1) Insolvency proceedings of a natural person shall not be applicable or terminable for a person:

1) who in the last three years prior to the proclamation of insolvency proceedings of a natural person has deliberately provided false information to his or her creditors;

2) who is subject to criminal liability for committing the criminal offence referred to in Section 210 of the Criminal Law;

3) who has, within the last 10 years prior to the declaration of insolvency proceedings of a natural person, had insolvency proceedings of a natural person terminated within the scope of which obligations have been extinguished;

4) within the last five years prior to the declaration of insolvency proceedings of a natural person or during insolvency proceedings of a natural person, a ruling of the competent authority has entered into effect in criminal proceedings under which it has been established that the debtor has avoided tax payment;

5) who has had insolvency proceedings of a natural person terminated without extinguishing the obligations within the last year prior to the declaration of insolvency proceedings of a natural person;

6) who has been released from his or her debt obligations in accordance with the procedures laid down in the Law on Release of a Natural Person from Debt Obligations within the last three years prior to the declaration of insolvency proceedings of a natural person, irrespective of whether his or her release from debt obligations has been later cancelled;

7) for whom an application for releasing a natural person from debt obligations in accordance with the procedures laid down in the Law on Release of a Natural Person from Debt Obligations has been accepted.

(2) If the insolvency proceedings of a natural person have been terminated by extinguishing the obligations but later the extinguishing of obligations has been revoked, the restrictions on applying the insolvency proceedings of a natural person shall be determined in conformity with the grounds for revoking the extinguishing of obligations.

[*25 September 2014; 31 May 2018; 15 June 2021; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 131. Interested Persons in Insolvency Proceedings of a Natural Person**

(1) The following persons shall be considered as interested persons in relation to the debtor:

1) the debtor’s spouse;

2) a person who is in relation or affinity to the debtor to the second degree;

3) the debtor’s guardian or trustee;

4) a commercial company in which the debtor has a decisive influence within the meaning of the Group of Companies Law;

5) the proctor, person with a commercial power of attorney, or person who has performed the functions of an administrative body in the case where the debtor is concurrently a sole proprietorship or owner of an individual (family) undertaking, farm, or fishing enterprise.

(2) Such person shall also be considered as an interested person in relation to the debtor who has been an interested person in accordance with the provisions of Paragraph one of this Section within the last five years prior to the initiation of the case of insolvency proceedings of a natural person.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 132. Publicity of the Case of Insolvency Proceedings of a Natural Person**

(1) The responsible authority shall enter the following information in the Insolvency Register on a case of insolvency proceedings of a natural person:

1) the debtor’s given name, surname, and personal identity number;

11) if applicable, also the firm name (name) and registration number of the debtor who is concurrently a sole proprietorship or the owner of an individual (family) undertaking, farm, or fishing enterprise;

2) the date when insolvency proceedings of a natural person have been declared, the name of the court, the case number and, if applicable, also the time limit within which the complaint referred to in Article 5 of Regulation No 2015/848 of the European Parliament and of the Council shall be submitted;

3) the given name, surname, and number of the office certificate of the administrator appointed to the case;

4) the given name, surname, the number of the office certificate, and the period of validity of the authorisation of the authorised administrator;

5) if applicable, also the given name, surname, address of the place of practice, telephone number, or electronic mail address of the administrator involved in the insolvency proceedings specified in Article 3(1) of Regulation No 2015/848 of the European Parliament and of the Council;

6) if applicable, also the type of insolvency proceedings in accordance with Article 3(1), (2) or (4) of Regulation No 2015/848 of the European Parliament and of the Council;

7) the type of insolvency proceedings in accordance with Section 128, Paragraph three of this Law;

8) the date of termination of insolvency proceedings of a natural person, the name of the court, and the justification;

81) if applicable, also the date on which the court decision revoking the release of a natural person from obligations was taken;

9) the deadline for the application by creditors;

10) the address, date and time of the creditors’ meeting;

11) the date of the making of the entry.

(2) The information referred to in Paragraph one of this Section may be published also in other registers, information systems, or databases.

(3) The information referred to in Paragraph one of this Section shall be published in the Insolvency Register during insolvency proceedings of a natural person, and also one year after the day of making an entry on the termination of insolvency proceedings of a natural person or revocation of the release of the debtor from obligations.

(4) The responsible institution shall store the information referred to in Paragraph one of this Section in the Insolvency Register:

1) for 10 years after termination of insolvency proceedings of a natural person;

2) until the moment it is established that a natural person has died but at least for 10 years after termination of insolvency proceedings of a natural person – if insolvency proceedings of a natural person have been suspended on the basis of Section 130, Clause 2 of this Law.

[*25 September 2014; 22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Chapter XXV**

**Commencement of Insolvency Proceedings of a Natural Person**

**Section 133. Persons who may Submit an Application for Insolvency Proceedings of a Natural Person**

(1) An application for insolvency proceedings of a natural person may be submitted in the cases provided for in this Law by:

1) the debtor if any of the features referred to in Section 129, Paragraph one of this Law is present;

2) the person referred to in Article 37(1)(a) of Regulation No 2015/848 of the European Parliament and of the Council;

3) the debtor jointly with the interested persons specified in Section 131, Paragraph one, Clauses 1 and 2 of this Law, if the feature referred to in Section 129, Paragraph one, Clause 3 of this Law is present for each of them.

4) the creditor if any of the features of insolvency proceedings of a natural person referred to in Section 129, Paragraph one, Clause 4, Sub-clause “a”, “b”, or “c” of this Law exists;

5) the creditor if the feature referred to in Section 51, Paragraph three, Clause 2 of this Law exists;

6) a representative of the majority of creditors specified in Section 42, Paragraph three of this Law if any of the features referred to in Section 51, Paragraph three of this Law is present;

7) the debtor if any of the features of insolvency proceedings of a natural person referred to in Section 129, Paragraph one, Clause 4, Sub-clause “d” or Clause 5, Sub-clause “a” or “d” of this Law exists.

(11) In the cases referred to in Paragraph one, Clauses 4, 5, 6, and 7 of this Section, only the claims arising from the activities of a sole proprietorship, individual (family) undertaking, farm, fishing enterprise, or a performer of economic activity shall be taken into account.

(2) An application for insolvency proceedings of a natural person shall be submitted to court in accordance with the procedures laid down in the Civil Procedure Law.

[*25 September 2014; 31 May 2018; 16 March 2023* / *See Paragraphs 82 and 86 of Transitional Provisions*]

**Section 133.1 Debtor’s Obligation to Submit an Application for Insolvency Proceedings of a Natural Person**

(1) If the debtor is concurrently a sole proprietorship or owner of an individual (family) undertaking, farm, or fishing enterprise, he or she has the obligation to submit an application for insolvency proceedings of a natural person in the cases referred to in Section 133, Paragraph one, Clause 7 of this Law.

(2) In the case referred to in Paragraph one this Section, only the claims arising from the activities of a sole proprietorship, individual (family) undertaking, farm, or fishing enterprise shall be taken into account.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 134. Effects of the Proclamation of Insolvency Proceedings of a Natural Person**

(1) After proclamation of insolvency proceedings of a natural person, the bankruptcy procedure is commenced.

(2) After proclamation of insolvency proceedings of a natural person:

1) the enforcement proceedings in the cases regarding the recovery of the amounts adjudged but not recovered are suspended, and in cases regarding the honouring of the debtor’s obligations through court;

2) the debtor shall lose the right to act with all his or her property, and also of the property of third persons which is possessed or held by the debtor (except for property to which recovery may not be addressed), and such rights shall be acquired by the administrator;

3) the increase in interest for the use of the loan (credit), the increase in the statutory interest, the increase in the penalty (including the penalty increment expressed in per cent), the increase in the late payment charges, and the increase in the interest for the recovery of unlawful aid for commercial activity ceases. The calculation of late payment charges which are specified as interest payments for missing the deadline for the payment of taxes, fees, and penalties, including the late payment charges which are calculated as unlawful aid for commercial activity, is suspended for tax claims;

4) the debtor shall lose the rights without the administrator’s consent to conclude transactions the amount of which exceeds one minimum monthly wage more often than once a month;

5) the debtor shall lose the right to undertake new debt obligations without the administrator’s consent.

(3) The debtor’s obligations whose fulfilment deadline has taken effect after the day of the proclamation of insolvency proceedings of a natural person shall be considered to be those whose fulfilment deadline has taken effect on the day of the proclamation of insolvency proceedings.

(4) A court decision proclaiming insolvency proceedings of a natural person shall be the grounds for a stay of proceedings against the debtor.

(5) The judgement of the court announcing insolvency proceedings of a natural person shall be the grounds for revoking the securing of claims in accordance with the procedures laid down in the Civil Procedure Law.

[*25 September 2014; 16 March 2023*]

**Section 135. Appointing of the Administrator to Insolvency Proceedings of a Natural Person**

Section 59, Paragraph one of this Law shall be applied to the appointing of the administrator to insolvency proceedings of a natural person.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 136. Restrictions on Debtor’s and Creditor’s Actions in Insolvency Proceedings of a Natural Person**

(1) After proclamation of insolvency proceedings of a natural person the debtor is prohibited from performing activities which cause losses to the creditors.

(2) Upon proclamation of insolvency proceedings of a natural person, a creditor is prohibited from performing individual activities by which losses are inflicted upon other creditors.

(3) Financial rights which have arisen for the creditor or third person as a result of the activities referred to in Paragraph one or two of this Section shall be recognised as invalid.

**Chapter XXVI**

**Course of Bankruptcy Procedure**

**Section 137. Administrator’s Activities During Bankruptcy Procedure**

After proclamation of insolvency proceedings of a natural person and commencement of the bankruptcy procedure, the administrator shall:

1) open in his or her name an account with a credit institution for securing the claims of creditors within the scope of the bankruptcy procedure, if funds are transferred to the administrator in accordance with Section 139, Clause 2 of this Law, or the selling of property is intended as part of insolvency proceedings of the debtor;

2) where necessary, submit an application to the relevant public registers for the entry or deletion of a notation of insolvency, appending a copy of the court decision to appoint an administrator;

3) survey debtor’s property and obligations;

4) request and receive information from the debtor, and also from State authorities and credit institutions necessary to survey debtor’s property and obligations, and also other information within the scope of insolvency proceedings of a natural person;

5) accept, register, and check claims of creditors;

6) where necessary, take debtor’s property under his or her administration, except for property to which recovery may not be addressed, and the property referred to in Section 140, Clause 2 of this Law, and also the property possessed or held by the debtor which is in the ownership of third persons;

7) provide creditors with a report of his or her activities and recommendations for the acquisition of funds for covering the costs of insolvency proceedings of a natural person and for settling the claims of creditors;

8) prepare the plan for the sale of debtor’s property;

9) recover the debts of debtors and take legal actions for the recovery of debtor’s other property;

10) organise the sale of debtor’s property;

11) [25 September 2014];

12) represent the debtor in matters connected to insolvency proceedings of a natural person;

13) upon request of the debtor and upon mutual agreement, provide advice for drafting a plan for extinguishing obligations;

14) if necessary and in the case where the debtor is concurrently a sole proprietorship, owner of an individual (family) undertaking, farm, or fishing enterprise, or a performer of economic activity, perform the activities specified in Section 63, Paragraph one, Clause 2, Section 64, Paragraph one, Clauses 1, 2, and 3, Section 65, Clause 2, and Section 67, Clause 2 of this Law in relation to the economic activity of the debtor.

[*14 October 2010; 25 September 2014; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 138. Administrator’s Rights During Bankruptcy Procedure**

(1) Within the scope of the bankruptcy procedure, the administrator has, in addition to the general administrator’s rights specified in this Law, the following rights:

1) to alienate debtor’s property in the cases specified in this Law;

2) to cover the expenses of insolvency proceedings of a natural person (Section 172);

3) to invite specialists in order to ensure efficient and lawful insolvency proceedings of a natural person and to cover the costs related thereto by consent of the creditors from debtor’s property or other sources for financing the insolvency proceedings of natural persons.

(2) When exercising the right to invite a specialist provided for in Paragraph one, Clause 3 of this Section, a transaction shall be concluded in writing by specifying, as a minimum, the following information:

1) the parties to the transaction;

2) a description of the activities for which the specialist is to be remunerated;

3) the amount of the remuneration determined for the specialist.

[*16 March 2023*]

**Section 139. Obligations of Debtor During Bankruptcy Procedure**

The debtor has an obligation to:

1) generate income according to his or her possibilities;

2) not later than within 10 days after proclamation of insolvency proceedings of a natural person, transfer his or her funds to the administrator;

3) keep and manage his or her property as an honest and careful proprietor;

4) prepare a plan for extinguishing obligations;

5) supply the administrator with the information necessary for the course of insolvency proceedings;

6) cover the costs of insolvency proceedings of a natural person;

7) upon request of the administrator, transfer the property under his or her administration, except for property to which recovery may not be addressed, and the property referred to in Section 140, Clause 2 of this Law, and also the property possessed or held by the debtor which is in the ownership of third persons.

[*25 September 2014; 21 November 2019*]

**Section 140. Rights of Debtor During Bankruptcy Procedure**

The debtor has the following rights:

1) to keep the income which is necessary to cover indirect costs of insolvency proceedings of a natural person;

2) to keep property which is essential for the acquisition of income;

3) to use the System in accordance with the procedures and to the extent laid down in laws and regulations when exercising the rights granted in the law and fulfilling the obligations specified in the law;

4) if the debtor is concurrently a sole proprietorship or owner of an individual (family) undertaking, farm, or fishing enterprise, to submit to the court an application for the transition to legal protection proceedings in relation to the sole proprietorship, individual (family) undertaking, farm, or fishing enterprise in conformity with the provisions of Chapter XIX of this Law.

[*31 May 2018; 21 November 2019; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 141. Claims of Creditors and Creditors’ Meeting**

(1) The claims of creditors against the debtor shall be submitted to the administrator in accordance with the procedures laid down in Chapter XIII of this Law. (2) If a creditor has missed the deadline for submitting the claim referred to in Section 73, Paragraph one of this Law, it may submit the claim against the debtor within a time limit not exceeding six months from the day when the entry has been made in the Insolvency Register on the proclamation of insolvency proceedings of the debtor, however, not later than until the day when the final list of the costs of bankruptcy procedure has been drawn up in accordance with the procedures laid down in this Law.

(11) After the time limit for submitting claims of creditors referred to in Section 73, Paragraph two of this Law, a limitation period sets in, thereby the creditor shall lose the status of a creditor and its right of claim against the debtor both within the scope of insolvency proceedings of a natural person, and also after the debtor has been released from obligations in the case referred to in Section 164, Paragraph one of this Law. The obligations referred to in Section 164, Paragraph four, Clauses 1, 2, and 4 of this Law shall have no limitation period.

(2) The administrator shall draw up the claims of debtor’s creditors in accordance with the procedures laid down in Chapter XIII of this Law.

(21) The administrator shall, without delay, send a notification on the proclamation of insolvency proceedings electronically to all known creditors of the debtor whose right to claim is secured by a commercial pledge or mortgage registered in the Land Register or Ship Register. If the information accessible to the general public does not contain any information on the debtor’s creditors or e-mail addresses of the creditors, the administrator is entitled not to send the notification to the abovementioned creditors.

(3) Creditors’ meetings take place in accordance with the provisions of Chapter XV of this Law.

(4) Any creditor has the right to request the convening of a creditors’ meeting.

[*25 September 2014; 19 February 2015 / See Paragraph 34 of the Transitional Provisions*]

**Section 142. Right of Creditors to Notify of the Restrictions on Applying Insolvency Proceedings of a Natural Person**

(1) Within two months from the day when the entry has been made in the Insolvency Register on the proclamation of insolvency proceedings of a debtor, creditors have the right to submit to the administrator a proposal to terminate insolvency proceedings of a natural person, if creditors have at their disposal information on the restrictions referred to in Sections 130 and 153 of this Law.

(2) The administrator’s decision not to submit the application to a court for the termination of bankruptcy procedure after receipt of the creditors’ notification referred to in this Paragraph concerning existence of the restrictions referred to in Section 130 of this Law may be appealed to the court before which the case of insolvency proceedings of a natural person has been brought.

[*14 October 2010; 25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 143. Debtor’s Property**

(1) The provisions contained in Chapter XVI of this Law shall be applicable to debtor’s property and the procedures for the management thereof, unless it is laid down otherwise in this Law.

(2) Debtor’s property is also the debtor’s income which has been acquired during insolvency proceedings of a natural person.

(3) The administrator shall be responsible for keeping debtor’s property, the former being allowed to transfer this property to the debtor for keeping with or without the right to use it.

**Section 144. Appeal of Transactions During Bankruptcy Procedure**

Transactions concluded by the debtor may be appealed in accordance with the procedures laid down in Chapter XVII of this Law, if the restrictions on the extinguishment of obligations specified in Section 153 of this Law are established.

**Section 145. Sale of Debtor’s Property During Bankruptcy Procedure**

(1) The administrator shall ensure the sale of debtor’s property in conformity with the plan for the sale of the property.

(2) The administrator shall commence the sale of property not sooner than two months after proclamation of insolvency proceedings of a natural person.

**Section 146. Plan for the Sale of Debtor’s Property in Insolvency Proceedings of a Natural Person**

(1) For the sale of debtor’s property, the administrator shall draw up a plan for the sale of debtor’s property (Section 113), taking into account the provisions of Sections 111 and 148 of this Law.

(2) If the secured creditor and debtor have entered into an agreement to keep the dwelling which is encumbered by a pledge and this agreement is comparable with the interests of the other creditors, this is indicated in the plan for the sale of the debtor’s property.

(3) The administrator shall send the plan for the sale of debtor’s property to creditors in accordance with the procedures laid down in this Law not later than two weeks after expiry of the term for the creditor’s application.

(4) The plan for the sale of debtor’s property shall be implemented in conformity with the provisions of Chapter XX of this Law, insofar as it is not laid down otherwise in this Law.

**Section 147. Procedures for Covering the Costs of Insolvency Proceedings of a Natural Person and Settling the Claims of Creditors**

(1) After implementation of the plan for the sale of debtor’s property, the administrator shall draw up and send all creditors a list of the final costs of the bankruptcy procedure, determining the procedures for settling the claims of creditors, and also a report on the funds received and spent.

(2) The payments for the means of support are settled in full from debtor’s property in the first place, including payments to the Maintenance Guarantee Fund, and also the costs of insolvency proceedings of a natural person.

(3) Funds which have been acquired by selling the debtor’s property serving as security shall be shifted for settling the claim of the secured creditor.

(31) After making of the payments referred to in Paragraphs two and three of this Section, the claims referred to in Section 118, Paragraphs two and three of this Law are sequentially settled.

(4) The claims of the non-secured creditors are amalgamated into one group without priority. After making the payments referred to in Paragraphs two, three, and 3.1 of this Section, the claims of the non-secured creditors shall be settled in proportion to the amount of the principal debt of each creditor. From debtor’s funds remaining after settling the claims of the non-secured creditors in the amount of the principal debt, the ancillary claims of the non-secured creditors shall be settled (in proportion to the amount due to each creditor).

(5) Debtor’s funds remaining after settling the costs of insolvency proceedings referred to in this Section and settling the claims of creditors are transferred to the debtor.

(6) [19 February 2015]

[*25 September 2014; 19 February 2015; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 148. Agreement on Keeping Debtor’s Dwelling in the Debtor’s Ownership**

(1) A secured creditor and the debtor may enter into an agreement that the dwelling owned by the debtor which has been pledged in favour of the secured creditor is not sold during insolvency proceedings of a natural person.

(2) In the case referred to in Paragraph one of this Section, a payment which shall not exceed the amount which would be payable to a debtor when hiring the debtor’s property serving as security during insolvency proceedings of a natural person shall be made to the secured creditor during insolvency proceedings of a natural person.

(3) The administrator shall make the payments referred to in Paragraph two of this Section from the debtor’s property in conformity with the timetable agreed upon by the debtor and the secured creditor. The claim of the creditor is reduced by the payments made to the secured creditor.

(4) If the procedure for extinguishing obligations is applied to the debtor after completion of the bankruptcy procedure, the agreement referred to in this Section shall remain in effect and the secured creditor shall, during the procedure for extinguishing obligations, receive payments which do not exceed those referred to in Paragraph two of this Section.

(5) The secured creditor is entitled to withdraw from the agreement entered into and request the sale of the debtor’s property serving as security, if the payments provided for in the conditions of the agreement are not made.

(6) If euro debtor’s dependants are living with him or her in a dwelling with a cadastral value not exceeding EUR 142 287 and the dwelling is the declared place of residence of the debtor’s dependants who are living together with him or her, the sale of this dwelling in an auction can be postponed for a period of up to one year from the proclamation date of insolvency proceedings of a natural person, to allow the debtor to find another dwelling. This possibility should be provided for in the plan for the sale of the property of the natural person.

(7) Within the meaning of this Law, a dwelling is a property owned by the debtor which he or she has declared as the place of residence in the six months preceding the day when the application for insolvency proceedings has been submitted to the court.

[*12 September 2013; 25 September 2014 / See Paragraphs 18 and 34 of Transitional Provisions*]

**Section 149. Completion of Bankruptcy Procedure**

(1) The administrator shall send the report on the completion of bankruptcy procedure to the creditors and debtor not later than 15 days after completion of the sale and recovery of debtor’s property (Section 144). The administrator shall also send the report on the completion of bankruptcy procedure if the dwelling remains in the ownership of the debtor in respect of which the debtor has reached an agreement with the secured creditor.

(2) The administrator shall indicate the amount of the settled claims of creditors and non-settled claims of creditors in the report on the completion of bankruptcy procedure.

(3) When sending the creditors a report on the completion of bankruptcy procedure, a plan for extinguishing obligations which has been drawn up in accordance with Sections 154 and 155 of this Law shall be appended thereto.

(4) Within 15 days after receipt of the administrator’s report, the creditors and debtor have the right to express objections against and recommendations for the completion of bankruptcy procedure thereto.

(5) The administrator shall, having evaluated the proposals and objections submitted, take the appropriate measures within the scope of the bankruptcy procedure. If the administrator has not taken into account the proposals and objections expressed, he or she shall provide a reasoned response to the submitter of the relevant objection or proposal and notify the court accordingly, submitting an application for the approval of the completion of bankruptcy procedure.

(6) Not earlier than three weeks and not later than one month after the report on the completion of bankruptcy procedure has been sent to the debtor and creditors, the administrator shall submit to court an application for the approval of the completion of the bankruptcy procedure.

(7) When submitting to court an application for the approval of the completion of bankruptcy procedure, the administrator shall concurrently request the termination of insolvency proceedings of a natural person, if restrictions on the application of the procedure for extinguishing obligations are established for the debtor (Section 153).

(8) If the debtor is concurrently a sole proprietorship or owner of an individual (family) undertaking, farm, or fishing enterprise, the administrator shall perform the activities specified in Section 120 of this Law in relation to the sole proprietorship, individual (family) undertaking, farm, or fishing enterprise.

[*14 October 2010; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 150. Termination of Bankruptcy Procedure**

(1) The court shall terminate the bankruptcy procedure concurrently with terminating insolvency proceedings of a natural person, if restrictions on the application of insolvency proceedings of a natural person are established (Section 130).

(2) The administrator shall submit an application for the termination of the bankruptcy procedure in the case referred to in Paragraph one of this Section within three months after proclamation of insolvency proceedings of a natural person.

(3) The court shall terminate the bankruptcy procedure concurrently with terminating insolvency proceedings of a natural person, if the claims of creditors have not been submitted in accordance with the procedures laid down in Section 141, Paragraph one of this Law.

(4) In the case referred to in Paragraph three of this Section, the debtor shall submit the application for the termination of the bankruptcy procedure within one month after expiry of the deadline for submitting claims of creditors referred to in Section 141, Paragraph one of this Law.

(5) [19 February 2015]

(6) [19 February 2015]

(7) A court shall terminate the bankruptcy procedure concurrently with terminating insolvency proceedings of a natural person if the debtor has died.

(8) In the case referred to in Paragraph seven of this Section, the application for the termination of the bankruptcy procedure shall be submitted by the administrator.

(9) A court shall terminate the bankruptcy procedure, concurrently with terminating insolvency proceedings of a natural person if the legal protection proceedings for the debtor’s sole proprietorship, individual (family) undertaking, farm, or fishing enterprise have been proclaimed in extrajudicial legal protection proceedings.

[*25 September 2014; 19 February 2015; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 151. Effects of the Completion or Termination of the Bankruptcy Procedure if Insolvency Proceedings of a Natural Person are Terminated Concurrently**

(1) If insolvency proceedings of a natural person are terminated concurrently with the completion or termination of the bankruptcy procedure, the administrator’s rights provided for in this Law and the restrictions on the debtor’s actions with his or her property provided for in this Law shall be terminated.

(2) If insolvency proceedings of a natural person are terminated concurrently with the completion or termination of the bankruptcy procedure, the creditor’s right to request the honouring of the debtor’s obligations in the amount for which the debtor has not honoured his or her obligations in insolvency proceedings of a natural person shall be restored, and also the cases regarding the recovery of the amounts adjudged but not recovered and the cases regarding the honouring of the debtor’s obligations through the court shall be restored.

**Chapter XXVII**

**Course of the Procedure for Extinguishing Obligations**

**Section 152. Subjects of the Procedure for Extinguishing Obligations**

(1) A subject of the procedure for extinguishing obligations may be the debtor whose bankruptcy procedure has been completed.

(2) The debtor’s guardian or trustee shall implement the debtor’s rights and obligations in accordance with the provisions of the Civil Law.

**Section 153. Restrictions on the Application of the Procedure for Extinguishing Obligations**

(1) The procedure for extinguishing obligations shall not be applied or shall be suspended in the following cases:

1) [16 March 2023];

2) the debtor has deliberately provided false information on his or her financial situation and hidden his or her actual income;

3) the debtor fails to fulfil the obligations specified by the bankruptcy procedure or extinguishing of obligations procedure, thus notably hindering an efficient course of insolvency proceedings.

(2) The procedure for extinguishing obligations may not be applied or may be suspended if the debtor has concluded transactions within the last three years prior to the proclamation of insolvency proceedings of a natural person or during insolvency proceedings as a result of which he or she has become insolvent or has caused losses to creditors, moreover, he or she knew or should have known that concluding of such transactions may lead to insolvency or to losses being caused to the creditors.

[*25 September 2014; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 154. Plan for Extinguishing Obligations of a Natural Person**

(1) The debtor shall draw up a plan for extinguishing obligations of a natural person during the bankruptcy procedure.

(2) The following is indicated in the plan for extinguishing obligations of a natural person:

1) creditors who have submitted their claims in accordance with the procedures laid down in Section 141, Paragraph one of this Law and whose claims have not been satisfied in the scope of the bankruptcy procedure, and also the amount of such claims of creditors;

2) the term of validity of the plan for extinguishing obligations;

3) the estimated amount of debtor’s monthly income;

4) the estimated amount of debtor’s monthly income in order to cover the debtor’s maintenance costs;

5) the amount of the debtor’s income necessary for renting his or her dwelling or interest payments for use to a secured creditor, if the debtor has agreed with him or her on keeping the only dwelling;

6) the estimated amount of debtor’s monthly income which shall be shifted for the implementation of the plan for extinguishing obligations;

7) amounts due to the creditors who have filed their claims in accordance with the procedures laid down in Section 141, Paragraph one of this Law and the settlement schedule in the procedure for extinguishing obligations;

8) the procedures for the disbursement of amounts which do not exceed five per cent of the amounts to be disbursed to the creditors who have filed their claims in accordance with the procedures laid down in Section 141, Paragraph one of this Law.

[*25 September 2014; 16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 155. Time Limit for the Plan for Extinguishing Obligations of a Natural Person**

(1) The time limit for the implementation of the plan for extinguishing obligations of a natural person shall be determined by taking into account the estimated income in the procedure for extinguishing obligations. In the cases specified in Paragraphs two and three of this Section, funds in the amount of one third of debtor’s income after payment of taxes shall be directed towards settling the claims of creditors.

(2) If according to debtor’s evaluation his or her income during the procedure for extinguishing obligations in the amount of at least one third after payment of taxes will be sufficient to cover at least 50 per cent of the total obligations remaining after completion of the bankruptcy procedure, the time limit for the plan for extinguishing obligations of a natural person shall be six months from the day of the proclamation of the procedure for extinguishing obligations.

(3) If the debtor, during the procedure for extinguishing obligations, is unable to cover the amount of the obligations specified in Paragraph two of this Section for reasons out of his or her control, the time limit for the plan for extinguishing obligations shall be determined as follows:

1) one year from the day of the proclamation of the procedure for extinguishing obligations, if according to the debtor’s evaluation his or her income during the procedure for extinguishing obligations in the amount of at least one third after payment of taxes will be sufficient to cover at least 35 per cent of the total obligations remaining after completion of the bankruptcy procedure;

2) one year and six months from the day of the proclamation of the procedure for extinguishing obligations, if according to the debtor’s evaluation his or her income during the procedure for extinguishing obligations in the amount of at least one third after payment of taxes will be sufficient to cover at least 20 per cent of the total obligations remaining after completion of the bankruptcy procedure.

(4) If during the procedure for extinguishing obligations a debtor is not able to settle the amount of the obligations specified in Paragraphs two and three of this Section for reasons beyond his or her control, it shall be provided for in the plan for extinguishing obligations of a natural person that funds in the amount of one third of the debtor’s income, but not less than in the amount of one third of one minimum monthly wage before tax payment will be directed towards settling the claims of creditors. In the plan for extinguishing obligations of a natural person, the following time limit shall be set:

1) one year from the day when the procedure for extinguishing obligations is proclaimed, if the debtor’s total amount of obligations after completion of the bankruptcy procedure do not exceed EUR 30 000;

2) two years from the day when the procedure for extinguishing obligations is proclaimed, if the debtor’s total amount of obligations after completion of the bankruptcy procedure is from EUR 30 001 to EUR 150 000;

3) three years from the day when the procedure for extinguishing obligations is proclaimed, if the debtor’s total amount of obligations after completion of the bankruptcy procedure exceed EUR 150 000.

(41) The court may extend the time limit of the procedure for extinguishing obligations in accordance with the procedures and in the cases specified in Section 162, Paragraph six of this Law.

(5) Only the principal debt shall be considered to be the debtor’s obligations, not including penalties, fines, or late payment interest. The settled unpaid interest for use shall be added to the debtor’s obligations until the proclamation of insolvency, but not more than in the amount of six per cent per year. The interest and late payment charges arising from claims referred to in Chapters IV and V of the Law on Control of Aid for Commercial Activity shall also be considered the debtor’s obligations.

[*25 September 2014; 19 February 2015; 31 May 2018; 15 June 2021; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 156. Right of Creditors to Provide an Opinion and Proposals on the Plan for Extinguishing Obligations of a Natural Person**

(1) When drawing up the plan for extinguishing obligations of a natural person, the debtor shall co-operate with the creditors, hearing their objections and proposals.

(2) Creditors have the right within 15 days after receipt of the plan for extinguishing obligations of a natural person to express their objections and proposals to the debtor in respect of this plan.

(3) The debtor shall evaluate the objections and proposals expressed and, if necessary, update the plan for extinguishing obligations of a natural person.

(4) If the debtor has not taken into account the objections and proposals expressed, he or she shall provide a reasoned response to the submitter of the relevant objection or proposal and notify the court accordingly.

[*14 October 2010*]

**Section 157. Approval of the Plan for Extinguishing Obligations of a Natural Person in a Court**

(1) The debtor shall submit the plan for extinguishing obligations of a natural person for approval in a court within the time limit specified in Section 149, Paragraph six of this Law.

(2) After the court approval of this plan, the debtor shall send it to all the creditors included in the plan, and also to the authority responsible for keeping the Insolvency Register.

**Section 158. Effects of the Proclamation of the Procedure for Extinguishing Obligations**

(1) The court decision on the completion of the bankruptcy procedure and the approval of the plan for extinguishing obligations of a natural person is the basis for the proclamation of the procedure for extinguishing obligations.

(2) Concurrently with the court decision on the proclamation of the procedure for extinguishing obligations:

1) the debtor’s right to act with all the property thereof shall be restored, and also with the property of third persons which is in the possession or holding of the debtor;

2) the prohibition for the debtor to conclude such transactions in respect of his or her property whose amount exceeds two minimum monthly wages without the consent of the administrator shall be retained.

**Section 159. Administrator’s Activities After Proclamation of the Procedure for Extinguishing Obligations**

After proclamation of the procedure for extinguishing obligations, in accordance with the procedures laid down in this Law, the administrator:

1) upon request of the creditor, shall supervise the implementation of the plan for extinguishing obligations of a natural person;

2) upon request of the creditor, shall supervise debtor’s actions in the fulfilment of the obligations specified in this Chapter;

3) upon request of the debtor, shall provide him or her with legal aid in connection with insolvency proceedings of a natural person (if necessary, shall also draw up amendments to the plan for extinguishing obligations of a natural person).

**Section 160. Debtor’s Obligations in the Procedure for Extinguishing Obligations**

The debtor has the following obligations:

1) to implement the plan for extinguishing obligations of a natural person;

2) to acquire income according to his or her possibilities in order to satisfy the claims of creditors as fully as possible;

3) upon request of the administrator, to provide information for the implementation of the plan for extinguishing obligations of a natural person;

4) to cover the costs of insolvency proceedings of a natural person.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 161. Debtor’s Rights in the Procedure for Extinguishing Obligations**

The debtor has the following rights:

1) to keep up to two thirds of his or her income in order to cover his or her maintenance costs;

2) to keep property which is essential for the acquisition of income;

3) to request legal aid from the administrator in connection with insolvency proceedings of a natural person (if necessary, also to draw up amendments to the plan for extinguishing obligations of a natural person).

[*15 June 2021 / See Paragraph 73 of Transitional Provisions*]

**Section 162. Amendments to the Plan for Extinguishing Obligations of a Natural Person**

(1) If debtor’s income changes during the implementation of the plan for extinguishing obligations of a natural person, he or she has an obligation to prepare amendments to the plan for extinguishing obligations of a natural person, changing the deadline for the plan and the amount of the obligations to be covered within the scope thereof, according to the method provided for in Section 155 of this Law.

(2) The debtor shall extend the deadline for the implementation of the plan for extinguishing obligations of a natural person and reduce the amount of the obligations to be covered, if the debtor’s income reduces in such amount that he or she will evidently be unable to cover the amount indicated in the plan for extinguishing obligations of a natural person.

(3) The debtor shall reduce the deadline for the implementation of the plan for extinguishing obligations of a natural person and increase the amount of the obligations to be covered, if the debtor’s income increases by such amount that he or she will evidently be able to cover the greater part of his or her obligations.

(4) If the debtor has increased his or her income during the procedure for extinguishing obligations by making amendments to the plan for extinguishing obligations of a natural person, he or she is entitled to proportionately increase not only the part of the payment to be shifted towards extinguishing obligations, but also the part of the property he or she is entitled to keep.

(5) Creditors shall be acquainted with the amendments to the plan for extinguishing obligations of a natural person in accordance with the procedures laid down in Section 149 of this Law, and the court shall approve them in accordance with the procedures laid down in Section 157 of this Law.

(6) The debtor’s payments to creditors provided for in the plan for extinguishing obligations of a natural person may be reduced and the term specified in Section 155 of this Law may be extended accordingly by the court decision once during the period of the procedure for extinguishing obligations for a time limit not exceeding one year if the debtor is unable to generate income or has lost the capacity for work during the period of extinguishing obligations.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 163. Debtor Monitoring**

If the creditors have information that the debtor is hiding his or her income or is not performing the activities specified in this Law, in order to cover as great a part as possible of his or her obligations, the creditors are entitled to request that the administrator performs an inspection of the debtor’s activities within the scope of the procedure for extinguishing obligations.

**Section 164. Debtor’s Exemption from Obligations**

(1) If the debtor has performed the activities specified in the plan for extinguishing obligations of a natural person, after expiry of the plan being the debtor’s obligations, except for those referred to in Paragraph four of this Section, shall be extinguished and enforcement proceedings for the recovery of the extinguished obligations shall be terminated.

(2) The debtor shall not be released from the remaining obligations specified in the plan for extinguishing obligations of a natural person if he or she has failed to perform the activities specified in this plan, significantly affecting the implementation thereof, and also if the plan for extinguishing obligations of a natural person has been extended in accordance with the procedures laid down in Paragraph 2.1 of this Section and the debtor has failed to perform the activities specified therein.

(21) If the debtor has failed to perform the activities specified in the plan for extinguishing obligations of a natural person, but it has not significantly affected the implementation of the plan, the court shall extend the operation of the plan once for one year. In such a case, the conditions included in the plan for extinguishing obligations of a natural person shall remain valid and apply to the extended term while not exceeding the amount of creditor claims recognised in the insolvency proceedings of a natural person, and the debtor shall additionally have the obligation to perform the activities which he or she has failed to perform previously.

(3) A court shall take the decision on releasing the debtor from obligations upon completion of the procedure for extinguishing obligations.

(4) After completion of the procedure for extinguishing obligations, the following shall not be extinguished:

1) claims for maintenance payments;

2) claims from unauthorised activities;

3) a secured claim if the debtor has kept the dwelling serving as security for this claim, insofar as it is not otherwise determined in the agreement referred to in Section 148 of this Law. Enforcement proceedings for the recovery of the abovementioned obligations shall be restored in the amount of the remaining debt;

4) claims for the penalties imposed in the administrative offence proceedings and punishments laid down in the Criminal Law, and also indemnification for the damage caused;

5) claims arising from the violations referred to in Chapters IV and V of the Law on Control of Aid for Commercial Activity in cases where the creditor, upon request of a sworn bailiff, has provided information on the restoration of execution proceedings.

(5) The extinguishing of obligations in respect of the agreement specified in Section 148 of this Law on keeping debtor’s dwelling in his or her ownership shall be determined in accordance with the abovementioned agreement.

[*25 September 2014; 5 December 2019; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 165. Procedures for Terminating the Procedure for Extinguishing Obligations**

(1) The debtor shall submit to court an application for the termination of the procedure for extinguishing obligations if he or she:

1) has settled the obligations included in the plan for extinguishing obligations of a natural person to full extent;

2) has fulfilled the plan for extinguishing obligations of a natural person.

(2) The administrator shall submit to a court an application for the termination of the procedure for extinguishing obligations if:

1) restrictions on the application of the procedure for extinguishing obligations (Section 153) are established;

2) [25 September 2014].

(3) The creditor shall submit to court an application for the termination of the procedure for extinguishing obligations if:

1) the debtor is not implementing the plan for extinguishing obligations of a natural person;

2) restrictions on the application of the procedure for extinguishing obligations (Section 153) are established.

(4) When terminating the procedure for extinguishing obligations, the court shall concurrently terminate insolvency proceedings of a natural person.

(5) If the court, when terminating the procedure for extinguishing obligations, establishes that the debtor is exempt from debt obligations in accordance with Section 164 of this Law, the court shall release him or her from the obligations indicated in the plan for extinguishing obligations of a natural person, concurrently with termination of the procedure.

(6) If the procedure for extinguishing obligations is terminated without releasing the debtor from obligations, the claims of creditors are restored and calculated in full amount, but the suspended court proceedings and enforcement proceedings of the judgment are restored.

[*25 September 2014 / See Paragraph 34 of the Transitional Provisions*]

**Section 165.1 Revocation of the Debtor’s Release from Obligations**

(1) It shall be permitted to submit the application for the revocation of the debtor’s release from obligations one year after the day on which the court has decided on the termination of the insolvency proceedings of a natural person.

(2) The debtor has the obligation to submit an application for the revocation of the release from obligations if the debtor comes into possession of funds in the amount of the extinguished obligations (e.g. through lottery winnings, inheritance, or gift). The application shall be submitted immediately, but not later than within one month from the day on which the debtor has come into possession of funds in the amount of the extinguished obligations.

(3) A creditor or another person whose lawful rights have been infringed may, within the time limit specified in Paragraph one of this Section, submit to the court an application for the revocation of the release of a natural person from obligations in the following cases:

1) in the cases referred to in Section 130, Paragraph one, Clause 4 and Section 153, Paragraph one, Clause 2 and Paragraph two of this Law if it could not have been objectively established within the scope of the insolvency proceedings of a natural person;

2) in the case referred to in Paragraph two of this Section.

(4) The court shall examine the application for the revocation of the debtor’s release from obligations in accordance with the procedures laid down in the Civil Procedure Law.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 165.2 Effects of Revoking the Debtor’s Release from Obligations**

If the debtor’s release from obligations is revoked, all obligations that where in effect prior to the court decision on the termination of the insolvency proceedings of a natural person shall be restored. The insolvency proceedings of a natural person are not restored.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Division E**

**Costs of Legal Protection Proceedings and Insolvency Proceedings**

**Chapter XXVIII**

**Costs for Ensuring Lawful and Efficient Course of Legal Protection Proceedings and Extrajudicial Legal Protection Proceedings**

**Section 166. Remuneration of the Supervisory Person of Legal Protection Proceedings in Legal Protection Proceedings and Extrajudicial Legal Protection Proceedings**

(1) The amount of remuneration of the supervisory person of legal protection proceedings and the procedures for its covering within the legal protection proceedings or extrajudicial legal protection proceedings shall be agreed upon, if the supervisory person of legal protection proceedings is to be appointed for the development of and agreement upon the plan of measures of legal protection proceedings with the creditors or for the monitoring of the implementation of the plan of measures of legal protection proceedings if the debtor is requesting an approval of the plan of measures of legal protection proceedings in accordance with the procedures laid down in Section 42, Paragraph 3.1 of this Law, in writing by the debtor and the supervisory person of legal protection proceedings and indicated in the plan of measures of legal protection proceedings.

(2) If the appointment of the supervisory person of legal protection proceedings is requested in cases other than those referred to in Paragraph one of this Section, the majority of creditors specified in Section 42, Paragraph three of this Law shall agree in writing with the supervisory person of legal protection proceedings on the amount of his or her remuneration and the procedures for covering this remuneration in legal protection proceedings or extrajudicial legal protection proceedings and specify it in the plan of measures of legal protection proceedings.

(3) The remuneration of the supervisory person of legal protection proceedings for the performance of obligations in legal protection proceedings or extrajudicial legal protection proceedings shall be covered by:

1) the debtor if the supervisory person of legal protection proceedings is to be appointed for the development of and agreement upon the plan of measures of legal protection proceedings with the creditors or for the monitoring of the implementation of the plan of measures of legal protection proceedings if the debtor is requesting an approval of the plan of measures of legal protection proceedings in accordance with the procedures laid down in Section 42, Paragraph 3.1 of this Law;

2) the majority of creditors specified in Section 42, Paragraph three of this Law who have requested the appointment of the supervisory person of legal protection proceedings for supervising the implementation of the plan of measures of legal protection proceedings, in proportion to the amount of the claim of each creditor, if the appointment of the supervisory person of legal protection proceedings has been requested by the majority of creditors specified in Section 42, Paragraph three of this Law.

[*16 March 2023 / See Paragraph 82 of Transitional Provisions*]

**Section 167. Expenses of Legal Protection Proceedings and Extrajudicial Legal Protection Proceedings**

(1) The expenses of legal protection proceedings and extrajudicial legal protection proceedings shall be covered from the debtor’s funds.

(2) The amount of the expenses of legal protection proceedings and extrajudicial legal protection proceedings and the procedures for the covering thereof shall be provided for in the plan of measures of legal protection proceedings.

(3) The following shall be included in the expenses of legal protection proceedings:

1) [22 December 2016];

2) the regular tax and fee payments;

3) the wages of the debtor’s employees;

4) the expenses necessary for the maintenance and upkeep of the property;

5) costs related to ensuring the debtor’s economic activities.

[*22 December 2016*]

**Chapter XXIX**

**Costs for Ensuring the Lawful and Effective Course of Insolvency Proceedings of a Legal Person and the Sources of Financing These Costs**

**Section 168. Sources of Financing the Costs of Insolvency Proceedings of a Legal Person**

(1) The costs of insolvency proceedings of a legal person shall be covered from the debtor’s property.

(2) If the costs of insolvency proceedings of a legal person cannot be covered from debtor’s property and insolvency proceedings of a legal person are terminated in accordance with Section 119, Paragraph four of this Law, the costs of the insolvency proceedings of a legal person shall be covered from the deposit for insolvency proceedings of a legal person indicated in Section 62 of this Law which shall be paid to the administrator as the costs of the insolvency proceedings of a legal person from which he or she shall cover the expenditures and remuneration of insolvency proceedings of a legal person. If the deposit for insolvency proceedings of a legal person is not lodged fully or partly (Section 62, Paragraph 7.1), the costs of insolvency proceedings of a legal person are covered from the funds of the employee claim guarantee fund.

(3) If the costs of insolvency proceedings of a legal person cannot be covered from debtor’s property, they may be financed from the funds of the debtor’s representative, the administrator, creditor, creditor groups or other natural person or legal person and upon initiative thereof, by the abovementioned persons agreeing thereto in writing with the administrator, if such agreement is in the creditors’ interests.

(4) If property is sold or recovered in insolvency proceedings of a legal person, then, for financing the costs of insolvency proceedings of a legal person, the property granted by persons which is referred to in Paragraph three of this Section shall be comparable to the costs of insolvency proceedings of a legal person and shall be repayable in accordance with the procedures indicated in Section 118, Paragraph one of this Law, repaying the property granted by the persons which is referred to in Paragraph three of this Section in the first place.

(5) If property which has been acquired from the persons referred to in Sections 166, 167, 168, and 169 of the Commercial Law is recovered in insolvency proceedings of a legal person based on the obligation thereof to be liable for the losses caused to the debtor, then, based on the claims raised by the creditor in favour of the debtor in accordance with Section 170 of the Commercial Law, the expenses of the creditor who has raised the claim for the benefit of the debtor which have arisen in connection with raising this claim shall be comparable to the costs of insolvency proceedings and repayable in accordance with the procedures indicated in Section 118, Paragraph one of this Law, repaying the expenses incurred by him or her in connection with raising the claim in the first place.

[*14 October 2010; 25 September 2014; 31 May 2018*]

**Section 169. Remuneration of the Administrator in Insolvency Proceedings of a Legal Person**

(1) The administrator shall receive remuneration from the debtor’s property for performing the obligations of the administrator in insolvency proceedings of a legal person, except for the cases referred to in this Law.

(2) The remuneration of the administrator is specified in the following amount:

1) in the amount of the deposit referred to in Section 62, Paragraph one of this Law for the work from the day of appointment until drawing up of the plan for the sale of the debtor’s property (Section 113) or the report on the non-existence of the debtor’s property (Section 112), and 10 per cent of funds from the recovered property (Section 93) which have been recovered until the drawing up of the plan for the sale of the debtor’s property or the report on the non-existence of the debtor’s property;

11) in the amount of two minimum monthly wages which is covered from the debtor’s property in addition to the remuneration specified in Paragraph two, Clause 1 of this Section if the debtor meets the following criteria according to data on the last completed financial year:

a) the debtor has employed more than 250 employees;

b) the annual turnover of the debtor has exceeded EUR 50 million or the annual balance-sheet total has exceeded EUR 43 million;

2) if after drawing up of the plan for the sale of the debtor’s property, insolvency proceedings are continued because it is possible to finance these proceedings from the debtor’s funds, the administrator’s remuneration from the sale of the debtor’s non-pledged property, and also from the debtor’s recovered property, shall be 10 per cent of the amount to be disbursed to the creditors. The administrator may also agree with the creditors’ meeting or other sponsor of the costs of insolvency proceedings on another amount of remuneration and the procedures for the covering thereof;

3) if after drawing up of a report on the non-existence of debtor’s property, insolvency proceedings are continued because an agreement has been reached on financing the costs of these proceedings in accordance with Section 168, Paragraph three of this Law, the administrator shall agree with the sponsor of the costs of insolvency proceedings on the amount of the administrator’s remuneration and the procedures for the covering thereof;

4) if economic activity is continued during the insolvency proceedings of a legal person – one per cent of the net turnover but not exceeding the amount of two minimum monthly wages per month. After compilation of the Register of the Claims of Creditors, the administrator may agree with the creditors on other amount of the remuneration at a creditors’ meeting.

(3) The remuneration for the sale of the debtor’s pledged property, if this has been performed by the administrator, is specified in the following amounts:

1) up to EUR 4268 – 15 per cent of the amount payable to the creditor;

2) from EUR 4268 to EUR 14 228 – EUR 640.20 plus 10 per cent of the amount payable to the creditor which exceeds EUR 4268;

3) from EUR 14 228 to EUR 142 287 – EUR 1636.20 plus 5 per cent of the amount payable to the creditor which exceeds EUR 14 228;

4) from EUR 142 287 to EUR 711 435 – EUR 8039.15 plus 3 per cent of the amount payable to the creditor which exceeds EUR 142 287;

5) from EUR 711 435 to EUR 1 422 871 – EUR 25 113.59 plus 2 per cent of the amount payable to the creditor which exceeds EUR 711 435;

6) if the recovered amount exceeds EUR 1 422 871 – EUR 39 342.29 plus 1 per cent of the amount payable to the creditor which exceeds EUR 1 422 871.

(4) In cases when an auction of a pledged property is considered not to have taken place and the secured creditor wishes to keep the property for himself or herself, a coefficient of 0.3 is applied to the remuneration specified in Paragraph three of this Section.

(5) In cases where the administrator is removed from insolvency proceedings of a legal person in accordance with the procedures laid down in Section 90 of this Law, the remuneration of the administrator shall amount to one minimum monthly wage from the moment of appointing the administrator. In such case the administrator’s remuneration shall be paid by the creditors who have voted for the proposal to remove him or her in proportion to the number of votes belonging thereto in the creditors’ meeting.

(6) Remuneration is not specified for the administrator if he or she is removed from insolvency proceedings of a legal person for the reasons referred to in Section 22, Paragraph two, Clause 1, 2, 3, 4, or 7 of this Law.

(7) Value added tax shall be additionally added to the remuneration of the administrator specified in this Law for the performance of administrator’s obligations in insolvency proceedings of a legal person, if the administrator is registered in the State Revenue Service Value Added Tax Taxable Persons Register.

(8) In cases where the remuneration of the administrator and value added tax, if the administrator has been registered in the State Revenue Service Value Added Tax Taxable Persons Register, and also the expenses of insolvency proceedings are to be covered from the deposit referred to in Section 62, Paragraph one of this Law, the total amount to be disbursed from the deposit may not exceed the amount of the deposit referred to in Section 62, Paragraph one of this Law.

[*14 October 2010; 12 September 2013; 25 September 2014; 22 December 2016; 31 May 2018* / *See Paragraph 60 of Transitional Provisions*]

**Section 170. Expenses of Insolvency Proceedings of a Legal Person**

(1) Expenses of insolvency proceedings of a legal person related to ensuring of these proceedings, except for expenses related to the property which serves as security, and also to ensuring the continuation of economic activity of the debtor to full or limited extent, if the creditors’ meeting has not recognised them as justified, may not exceed the following:

1) the amount of the deposit for insolvency proceedings of a legal person and the amount of five per cent of the evaluation of the property if a plan for sale of the property has been drawn up;

2) the amount of the deposit for insolvency proceedings of a legal person if the report on non-existence of the property has been drawn up.

(2) The following shall be included in the expenses of insolvency proceedings of a legal person:

1) remuneration for the invited specialists during the provision of services according to the significance, extent, and value of the services they have provided, but not exceeding the remuneration for analogous services in similar areas;

2) expenses for the upkeep of the debtor’s property in insolvency proceedings;

3) expenses for placing advertisements, organising auctions, opening, serving and closing a settlement account, expenses for the notary and postal services;

4) [15 June 2021 / See Paragraph 72 of Transitional Provisions];

5) official travel expenses which are calculated in accordance with the laws and regulations regarding expenses related to official travels and business trips;

6) expenses for continuing the performance of contracts which have not been terminated in the cases specified in the law, and also for the performance of those contracts which the administrator has entered into with third persons during insolvency proceedings of a legal person;

7) expenses which are related to the liquidation of the debtor, including removal, processing, and disposal of hazardous waste;

8) regular tax and fee payments for the period from the day when insolvency proceedings of a legal person are proclaimed;

9) expenses related to the maintenance of property belonging to third persons until it is transferred to these persons;

10) expenses which are justified and related to ensuring the specific insolvency proceedings of a legal person;

11) expenses which have arisen for a creditor when bringing an action on behalf of the debtor against the members of the executive board of this debtor, if the claim is satisfied and the property recovered is at least in the amount of the court expenses;

12) expenses for the enforcement of a judgment if the administrator has requested termination of the enforcement proceedings of the judgment in accordance with Section 65, Clause 12 and Section 67, Clause 14 of this Law.

[*31 May 2018; 15 June 2021; 16 March 2023*]

**Chapter XXX**

**Costs for Ensuring Lawful and Effective Course of Insolvency Proceedings of a Natural Person**

**Section 171. Remuneration of the Administrator in Insolvency Proceedings of a Natural Person**

(1) The administrator shall receive remuneration for the fulfilment of obligations of the administrator in insolvency proceedings of a natural person:

1) if the procedure for extinguishing obligations has been declared:

a) for the time period from the day of appointment until completion of the bankruptcy procedure – half of the amount of the deposit referred to in Section 129, Paragraph two of this Law;

b) for the period from the day of declaration of the procedure for extinguishing obligations, if the administrator has been appointed prior to the day of declaration of the extinguishing of obligations, until termination of the procedure for extinguishing obligations, or for the period from the day of appointment, if the administrator has been appointed after declaration of the procedure for extinguishing obligations, until termination of the procedure for extinguishing obligations – half of the amount of the deposit referred to in Section 129, Paragraph two of this Law;

2) for the period from the day of appointment until completion or termination of the bankruptcy procedure, unless the procedure for extinguishing obligations is declared – half of the amount of the deposit referred to in Section 129, Paragraph two of this Law.

(2) In addition to the remuneration referred to in Paragraph one of this Section, the administrator shall, within the scope of the bankruptcy procedure, receive remuneration for recovering and selling the property in the amount provided for in insolvency proceedings of a legal person.

(3) The administrator shall receive a remuneration for the legal aid provided by the administrator in the procedure for extinguishing the debtor’s obligations after approval of the plan for extinguishing obligations of a natural person and for giving advice for drawing up a plan for extinguishing obligations of a natural person in the bankruptcy procedure, not exceeding the payment for the provision of State ensured legal aid – legal consultations.

(4) The amount of the administrator’s remuneration for performing the inspection referred to in Section 163 of this Law shall be determined by the administrator agreeing with the relevant creditor in writing. If an agreement is not reached, the administrator shall receive remuneration at a fixed rate – a one-off remuneration in the amount of one minimum monthly wage.

(5) In case of insolvency proceedings of a natural person, the administrator’s remuneration shall be covered from the debtor’s property and the deposit for insolvency proceedings of a natural person, except for the case referred to in Paragraph four of this Section when expenses are covered by the relevant creditor.

(6) Value added tax shall be added to the remuneration of the administrator specified in this Law for the performance of administrator’s duties in insolvency proceedings of a natural person if the administrator is registered in the State Revenue Service Value Added Tax Taxable Persons Register.

(7) In cases where the remuneration of the administrator and value added tax, if the administrator has been registered in the State Revenue Service Value Added Tax Taxable Persons Register, are to be covered from the deposit referred to in Section 129, Paragraph two of this Law, the total amount to be disbursed from the deposit may not exceed the amount of the deposit referred to in Section 129, Paragraph two of this Law.

[*25 September 2014; 22 December 2016; 31 May 2018 / See Paragraph 60 of Transitional Provisions*]

**Section 172. Costs of Insolvency Proceedings of a Natural Person**

(1) Any costs incurred by the debtor after proclamation of insolvency proceedings of a natural person are divided into direct costs and indirect costs of insolvency proceedings of a natural person.

(2) Direct costs of the insolvency proceedings of a natural person are the costs related to ensuring insolvency proceedings of a natural person:

1) expenses for placing the advertisement, organising the auction, the opening, servicing and closure of a settlement account;

2) expenses for postal services for dispatching correspondence by mail;

3) expenses related to the evaluation of the property of a natural person;

4) expenses for notary services;

5) expenses related to the maintenance of the natural person’s property if it has been transferred to the administrator, and inspection of transactions, and also the property and transaction insurance.

(3) Direct costs of insolvency proceedings of a natural person are covered from the funds raised as a result of selling the debtor’s property.

(4) Indirect costs of the insolvency proceedings of a natural person are the costs related to support the debtor after proclamation of insolvency proceedings of a natural person:

1) subsistence costs;

2) regular tax and fee payments;

3) current payments of means of support;

4) statutory payments and payments arising from agreements that are carried on or have been signed after proclamation of insolvency proceedings of a natural person in accordance with the procedures laid down in this Law (e.g. administrative penalties, rental payments, payments for utilities, etc.);

5) expenses related to the maintenance of property belonging to third persons until it is transferred to these persons;

6) expenses for the enforcement of a judgment insofar as they have not been covered in accordance with the Civil Procedure Law.

(5) Indirect costs of the insolvency proceedings of a natural person are covered from the debtor’s funds which he or she is entitled to retain to cover own subsistence costs.

[*25 September 2014; 15 June 2021* / *See Paragraph 74 of Transitional Provisions*]

**Division F**

**Supervision of Legal Protection Proceedings and Insolvency Proceedings**

**Chapter XXXI**

**Insolvency Control Service in Legal Protection Proceedings and Insolvency Proceedings**

[*31 May 2018*]

**Section 173. Competence of the Insolvency Control Service**

(1) The Insolvency Control Service is a direct administration institution under the supervision of the Minister for Justice which, within the scope of the competence specified in laws and regulations, implements the State policy in issues of legal protection proceedings and insolvency proceedings, protects the interests of employees in case of insolvency of their employer, and implements the protection of State and public interests in issues of legal protection proceedings and insolvency proceedings in accordance with the procedures laid down in the law.

(2) The following funds shall be used for the implementation of the competence of the Insolvency Control Service:

1) the part of the State entrepreneurial risk fee;

2) subsidies from general revenues of the State budget;

3) revenues from the paid services provided;

4) foreign financial assistance funding.

[*25 September 2014; 31 May 2018*]

**Section 174. Rights of the Insolvency Administration in Supervision of Legal Protection Proceedings and Insolvency Proceedings**

[22 December 2016]

**Section 174.1Tasks of the Insolvency Control Service**

For the purpose of performance of the functions specified in Section 173 of this Law and other laws and regulations, the Insolvency Control Service shall:

1) supervise administrators;

2) examine complaints regarding actions of the administrator, except for the cases specified in law where complaints regarding decisions of the administrator are to be examined in a court in which the relevant case of insolvency proceedings have been initiated;

3) examine administrative offence cases according to the competence specified in this Law;

4) examine applications for settling the claims from employees of insolvent employers;

5) examine applications for the disbursement of the deposit for insolvency proceedings of a legal person and the deposit for insolvency proceedings of a natural person;

6) examine applications for the disbursement of funds referred to in Section 118.1 of this Law;

7) inform the public of the results of implementation of the insolvency policy and the current issues in the field of insolvency;

8) organise the examination and qualification examination of the administrator;

9) appoint administrators to office;

10) release, remove, and suspend the administrator from office, and also suspend official activities of the administrator;

11) in the cases and to the extent specified in this Law supervise the supervisory person of legal protection proceedings and examine complaints regarding actions thereof;

12) create, maintain, and develop the System;

13) ensure that the documents submitted by the administrator and other persons specified in laws and regulations who have an obligation to submit information to the Insolvency Control Service are transformed in electronic form for storage in electronic environment in the System in accordance with the laws and regulations regarding the management of archives;

14) ensure that the information specified in laws and regulations governing the field of insolvency is accessible;

15) perform tasks specified in other laws and regulations.

[*22 December 2016; 31 May 2018; 5 December 2019* / *Amendments to Clause 3 regarding the replacement of the words “the Latvian Administrative Violations Code” with the words “this Law” shall come into force on 1 July 2020. See Paragraph 70 of Transitional Provisions*]

**Section 174.2Rights of the Insolvency Control Service**

(1) The Insolvency Control Service has the following rights:

1) to request from State and local government authorities and to receive from them, free of charge, any information related to legal protection proceedings or insolvency proceedings necessary for the performance of the functions of the Insolvency Control Service;

2) to request from the authorities and persons involved in legal protection proceedings or insolvency proceedings and to receive from them the necessary information and documents regarding the course of legal protection proceedings or insolvency proceedings;

3) to request from the supervisory person of legal protection proceedings or the administrator and to receive from him or her the necessary information and the relevant documents regarding the course of legal protection proceedings or insolvency proceedings;

4) to request that the supervisory person of legal protection proceedings or the administrator presents original documents and to receive derivatives of the documents for inspection of legality of the actions of the supervisory person of legal protection proceedings or the administrator;

5) to request and receive from the supervisory person of legal protection proceedings or the administrator explanations about his or her actions in legal protection proceedings or insolvency proceedings;

6) to invite the supervisory person of legal protection proceedings or the administrator to arrive at the Insolvency Control Service in order to provide explanations about the course of the relevant legal protection proceedings or insolvency proceedings;

7) to impose a legal obligation upon the supervisory person of legal protection proceedings or the administrator;

8) to submit an application to a court for the removal of the supervisory person of legal protection proceedings from the relevant legal protection proceedings or for the removal of the administrator from the fulfilment of obligations of the administrator in the relevant insolvency proceedings;

9) to arrive at the supervisory person of legal protection proceedings and the administrator at the place of practice registered in the Insolvency Register or at the location of the debtor – legal person. During inspection, officials of the Insolvency Control Service have the following rights upon presenting a written authorisation of the institution in which the subject and objective of the inspection are indicated:

a) to request and receive information and documents (also documents containing trade secret which have been drawn up in electronic form) related to any legal protection proceedings, insolvency proceedings of a legal person, or insolvency proceedings of a natural person in the record-keeping of the supervisory person of legal protection proceedings or the administrator, to become acquainted with them on site, and also to receive derivatives of these documents certified in accordance with the procedures laid down in laws and regulations;

b) to request and receive information and documents regarding accounts of income and expenditures of the administrator when fulfilling official duties of the administrator, to become acquainted with them on site, and also to receive derivatives of these documents certified in accordance with the procedures laid down in laws and regulations;

c) to request and receive from the supervisory person of legal protection proceedings or the administrator written or oral explanations;

10) to request and receive information from the Punishment Register, free of charge, which is necessary for the Insolvency Control Service for the performance of the tasks specified in this Law;

11) to request and receive information from the Enterprise Register of the Republic of Latvia, the State Revenue Service, the Court Administration, the Office of Citizenship and Migration Affairs, and the State Social Insurance Agency, free of charge, which is necessary for the Insolvency Control Service for the performance of the tasks specified in this Law;

12) to request and receive information on the administrator and the person who wishes to take the office of the administrator and to hand it over to the Examination Commission;

13) to request and receive information on the supervisory person of legal protection proceedings, the administrator, and the person who wishes to take the office of the administrator and to hand it over to the Commission of Disciplinary Matters.

(2) The authorisation of an official of the Insolvency Control Service shall be certified by a service identification document.

(3) The Cabinet shall determine the content and form of the service identification document of officials and employees of the Insolvency Control Service.

(4) When commencing the procedural actions referred to in Section 174.2, Paragraph one, Clause 9 of this Law, the official of the Insolvency Control Service shall inform the supervisory person of legal protection proceedings or the administrator of his or her rights.

[*22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 174.3 Minutes of a Procedural Action**

(1) The officials of the Insolvency Control Service shall record the procedural actions specified in Section 174.2, Paragraph one, Clause 9 of this Law in the minutes of a a procedural action.

(2) The minutes of a procedural action shall indicate the following:

1) the place and date of the occurrence of the action;

2) the legal basis of the performance of the action;

3) the time when the action was commenced and completed;

4) the position, given name, and surname of the performers of the action;

5) the position, given name, and surname of the taker of the minutes;

6) the given name, surname, and position of the persons – participants in the action – or the relation thereof to legal protection proceedings or insolvency proceedings;

7) the course of the action and established facts;

8) the documents obtained in the course of the procedural action.

(3) The documents obtained in the course of a procedural action shall be appended to the minutes.

(4) The performer of a procedural action shall familiarise the persons who participate in the relevant action with the content of the minutes of such procedural action and annexes thereto. Any corrections and supplements suggested by the persons shall be recorded in the minutes of the procedural action.

(5) The performer of a procedural action, the taker of minutes, and all the persons who participated in the relevant action shall sign the minutes of the procedural action as a whole and each page thereof separately. If a person refuses to sign, this shall be recorded in the minutes, indicating the reason and grounds for such refusal.

[*22 December 2016; 31 May 2018*]

**Chapter XXXII**

**Procedures for Contesting and Appealing a Decision of the Insolvency Control Service**

[*31 May 2018*]

**Section 175. Decisions of the Insolvency Control Service, Contesting and Appealing Thereof**

(1) The Insolvency Control Service shall take decisions:

1) to settle the claims from employees of insolvent employers;

2) on actions of the administrator in insolvency proceedings and actions of the supervisory person of legal protection proceedings in legal protection proceedings or when fulfilling the general obligations imposed upon him or her in this Law, and also on imposing of the legal obligation in case of establishing a violation;

3) to appoint to, release, remove, or suspend the administrator from the office, and also to suspend official activities of the administrator;

4) to extend the time limit for taking the qualification examination of the administrator;

5) to pay the deposit referred to in Sections 62 and 129 of this Law;

6) to disburse the funds specified in Section 118.1 of this Law.

(2) The decision of the Insolvency Control Service referred to in Paragraph one, Clause 1 of this Section may be contested before a higher institution. The decision of the higher institution on the relevant decision of the Insolvency Control Service may be appealed to a court. The decision of the Director of the Insolvency Control Service referred to in Paragraph one, Clause 3 of this Section may be appealed to a court.

(3) The decisions referred to in Paragraph two of this Section shall be contested and appealed in accordance with the procedures laid down in the Administrative Procedure Law. Contesting or appeal of the abovementioned decisions shall not suspend the operation thereof.

(4) The decision of the Insolvency Control Service referred to in Paragraph one, Clause 2 of this Law may be appealed in accordance with the procedures laid down in the Civil Procedure Law within a month from the day of receipt of the decision to the court where the relevant case of insolvency proceedings has been initiated. Submission of a complaint to the court shall not suspend operation of the decision of the Insolvency Control Service.

(5) The decision of the Insolvency Control Service referred to in Paragraph one, Clauses 5 and 6 of this Section may be appealed in accordance with the procedures laid down in the Civil Procedure Law to the court where the relevant case of insolvency proceedings has been initiated within a month from the day of receipt of the decision. Submission of a complaint to the court shall suspend operation of the decision of the Insolvency Control Service.

[*22 December 2016; 31 May 2018; 16 March 2023* / *See Paragraph 82 of Transitional Provisions*]

**Section 176. Submission and Examination of Complaints Regarding Actions of the Administrator or the Supervisory Person of Legal Protection Proceedings in the Insolvency Control Service**

(1) A creditor, a commercial company (in legal protection proceedings), a natural person (in insolvency proceedings such person), the debtor’s representative (in insolvency proceedings of a legal person), or a third person whose lawful rights have been infringed upon may submit a complaint to the Insolvency Control Service regarding actions of the administrator or the supervisory person of legal protection proceedings.

(2) A creditor, commercial company (in legal protection proceedings), a natural person (in insolvency proceedings of such person), the debtor’s representative (in insolvency proceedings of a legal person), or a third person whose lawful rights have been infringed upon may submit a complaint within three months from the day when the action with which the rights of the creditor, natural person, debtor’s representative, or third person have been infringed upon has been determined. If legal protection proceedings or insolvency proceedings are terminated, a complaint may be submitted not later than within a year from the day of termination of the relevant proceedings.

(3) The Insolvency Control Service shall not examine complaints regarding decisions of the administrator which are based on a dispute regarding rights.

(4) When examining complaints regarding actions of the administrator, the Insolvency Control Service is entitled to request the necessary information and documents from the parties.

(5) The Insolvency Control Service shall examine complaints regarding actions of the administrator or the supervisory person of legal protection proceedings within one month from the day of receipt of the complaint.

(6) If the time limit referred to in Paragraph five of this Section cannot be complied with due to objective reasons, the Insolvency Control Service may extend it, but for not longer than three months from the day of receipt of the complaint, notifying the submitter of the complaint thereof.

[*31 May 2018*]

**Section 177. Complaint Regarding the Decision of the Insolvency Administration**

[25 September 2014 / See Paragraph 34 of the Transitional Provisions]

**Chapter XXXIII**

**Administrative Offences in the Field of Legal Protection and Insolvency, and Competence in Administrative Offence Proceedings**

[*5 December 2019* / *Chapter shall come into force on 1 July 2020. See Paragraph 70 of Transitional Provisions*]

**Section 178. Failure to Submit an Application for Insolvency Proceedings**

For the failure to fulfil the obligation to submit an application for insolvency proceedings of a legal or natural person in the cases specified in this Law if such obligation of the debtor sets in due to non-honoured tax, duty, and other mandatory statutory payment obligations, a fine of sixty up to two hundred units of fine shall be imposed on a natural person or a member of the executive board, with or without deprivation of the right of the natural person and the member of the executive board to hold specific positions in commercial companies for a period from one month to five years.

[*5 December 2019; 16 March 2023*]

**Section 179. Violation of Regulations of Insolvency Proceedings and Legal Protection Proceedings**

For violating the regulations of insolvency proceedings or legal protection proceedings if such has been committed by the administrator, a representative of a debtor, a supervisory person of legal protection proceedings or another person involved in insolvency proceedings or legal protection proceedings, a fine of twenty up to three hundred units of fine shall be imposed, with or without deprivation of the right to hold specific positions in commercial companies for a period from one month to five years.

[*5 December 2019* / *Section shall come into force from 1 July 2020. See Paragraph 70 of Transitional Provisions*]

**Section 180. Competence in Administrative Offence Proceedings**

(1) Administrative offence proceedings for the offences referred to in Section 178 of this Law shall be conducted by the State Revenue Service.

(2) Administrative offence proceedings for the offences referred to in Section 179 of this Law shall be conducted by the Insolvency Control Service.

[*5 December 2019* / *Section shall come into force from 1 July 2020. See Paragraph 70 of Transitional Provisions*]

**Transitional Provisions**

1. With the coming into force of this Law, the Insolvency Law (*Latvijas Vēstnesis*, 2007, No. 188; 2009, No. 97) is repealed.

2. The norms of the law On the Insolvency of Undertakings and Companies are applied to insolvency proceedings which have been initiated until 31 December 2007.

3. When deciding on covering the costs of the administration of insolvency proceedings which have been initiated in accordance with the law On the Insolvency of Undertakings and Companies, the Insolvency Administration shall apply Cabinet Regulation No. 201 of 14 March 2006, Procedures for Covering the Remuneration of the Administrator of Insolvency Proceedings and the Costs of Administration, except for the provisions on the amount of the administrator’s remuneration (not including additional remuneration for each employee whose claim is satisfied from the resources of the guarantee fund for employees’ claims), which shall be determined in accordance with the Insolvency Law which was in force from 1 January 2008 to 31 October 2010.

4. The administrator is not entitled to receive remuneration for insolvency proceedings which have been initiated in accordance with the law On the Insolvency of Undertakings and Companies from the funds allocated to the Insolvency Administration for this purpose if:

1) the administrator has not submitted a request to the Insolvency Administration to cover the remuneration thereof within two months after the debtor’s exclusion from the relevant public register;

2) the debtor has been excluded in these proceedings from the relevant public register by 2 July 2009 and the administrator has not submitted a request to the Insolvency Administration to cover the remuneration thereof by 30 November 2009;

3) the administrator has been removed from the fulfilment of the obligations of the administrator by a court decision in the case provided for in Section 28, Paragraph one, Clause 2 or 3 of the law On the Insolvency of Undertakings and Companies.

[*22 December 2016; 31 May 2018*]

5. The norms of the Insolvency Law and the laws and regulations issued on the grounds thereof which are in force between 1 January 2008 and 31 October 2010 are applied to legal protection proceedings and insolvency proceedings which were initiated during the abovementioned period.

6. If insolvency proceedings of a natural person have been initiated by 31 October 2010 and have not been terminated, this person has the right to request that the court commences the procedure for extinguishing obligations in accordance with the provisions of this Law, after all the property of the natural person and the property provided for in the plan for satisfying creditors has been sold. In such case the debtor shall draw up a report on the termination of bankruptcy procedure and the plan for extinguishing obligations in accordance with the provisions of this Law and send it to the creditors in accordance with the procedures laid down in Sections 149 and 157 of this Law. The report on the termination of bankruptcy procedure and the plan for extinguishing obligations shall be submitted to court not earlier than two months after sending of this document to the creditors. Within this time limit, the creditors have the right to notify also of the restrictions referred to in Sections 130 and 153 of this Law. The debtor shall inform the court of the abovementioned reports. From the moment when the court has approved the plan for extinguishing obligations, the procedure for extinguishing obligations of a natural person are commenced in accordance with the provisions of this Law.

7. For administrators whose certificates have been issued in accordance with the requirements of Section 13 of the law On the Insolvency of Undertakings and Companies for at least three years practical experience in the supervisory institutions of undertakings or companies and executive bodies, but who do not have higher education in jurisprudence, the requirement referred to in Section 13, Paragraph one, Clause 2 of this Law regarding higher education in jurisprudence shall be applicable as of 1 January 2022. For administrators whose certificates have been issued before 31 October 2010, but who do not have higher education in jurisprudence, the requirement referred to in Section 13, Paragraph one, Clause 2 of this Law regarding higher education in jurisprudence shall be applicable as of 1 January 2022. If the administrator referred to in the first and second sentence of this Paragraph has not commenced studies in an educational institution for acquisition of higher education, he or she shall commence them by 1 January 2014 and submit a statement issued by the higher education institution to the Association of Administrators. The administrators referred to in the first and second sentence of this Paragraph who are studying at a higher education institution, when applying for re-certification, shall submit a statement issued by the higher education institution to the Association of Administrators on the successful continuation of the studies. If the administrator has not commenced studies at a higher education institution within the time limit specified in the third sentence of this Paragraph or, when applying for re-certification, has not submitted a statement on the successful continuation of the studies, his or her certificate shall be recognised as valid within the time limit indicated therein and this administrator shall not be re-certified.

[*Constitutional Court judgment of 22 November 2011; 23 February 2012*]

8. The right of the administrator referred to in Section 28, Paragraph one of this Law to authorise another administrator for a period not exceeding 60 days per year shall enter into effect on 1 January 2011. Until 31 December 2010 the administrator has the right to authorise another administrator for performance of the duties specified in this Law for a period not exceeding 10 days.

9. Within the scope of the funds for the State entrepreneurial risk fee, the Cabinet shall determine which part of these funds shall be transferred into the relevant State budget sub-programme from which the costs of insolvency proceedings shall be covered in insolvency proceedings of a legal person in accordance with the Insolvency Law which was in force from 1 January 2008 to 31 October 2010 (Section 182, Paragraph eight and Section 183, Paragraph five).

10. The remaining funds which are allocated to the Insolvency Administration until 31 October 2010 for covering the remuneration and expenses of insolvency proceedings initiated within the scope of the State budget and State entrepreneurial risk fee shall be spent by 31 October 2010 for covering the remuneration and expenses of the initiated insolvency proceedings during the subsequent financial years.

11. All amendments to this Law which come into force on 1 March 2015 shall be applicable to all proceedings initiated until 28 February 2015, except for the cases referred to in Paragraphs 12, 13, 14, 15, 16, and 17 of the Transitional Provisions.

[*18 December 2014*]

12. The amendments coming into force on 1 March 2015 in respect of the status of a secured creditor for persons whose right to claim against a third person is secured by a commercial pledge or mortgage on debtor’s property registered in the Land Register or Ship Register, and also for persons whose right to claim is conditional shall be applied to insolvency proceedings that have been proclaimed as of 1 March 2015, and to the cases of legal protection proceedings that have been initiated as of 1 March 2015.

[*18 December 2014*]

13. In respect of legal protection proceedings that have been initiated yet not proclaimed by 28 February 2015, the administrator shall provide a reasoned opinion on the fact whether the claims of creditors in the plan of measures of legal protection proceedings and documents appended thereto are justified prima facie, if requested by a creditor.

[*18 December 2014*]

14. Amendments to Sections 38, 40, and 42 of this Law, coming into force on 1 March 2015, are not applicable to legal protection proceedings proclaimed until 28 February 2015.

[*18 December 2014*]

15. Auctions that have been announced until 1 March 2015 shall be completed in accordance with the regulation in this Law in force by 28 February 2015.

[*18 December 2014*]

16. Amendments to Chapter XVII “Appeal of Transactions” of this Law shall be applicable to insolvency proceedings proclaimed as of 1 March 2015.

[*18 December 2014*]

17. Amendments to Division D and Chapter XXX of Division E which come into force on 1 March 2015 shall be applicable to insolvency proceedings of a natural person proclaimed as of 1 March 2015. Amendments to this Law in Section 155 in respect of the terms in the plan for extinguishing obligations which come into force on 1 March 2015 shall be applicable also to insolvency proceedings that have been initiated until 28 February 2015.

[*18 December 2014; 19 February 2015*]

18. If the procedure for the extinguishing of obligations in insolvency proceedings of a natural person has been proclaimed by the date when amendments to Section 148, Paragraph six and Section 155, Paragraphs two, three, and four of this Law come into force and has not been terminated, the natural person has the right, within 90 days after these amendments come into force, to submit his or her amendments to the plan for extinguishing obligations for a court’s approval, concurrently with submitting evidence to the fact that amendments to the plan for extinguishing obligations have been delivered to all creditors.

[*18 December 2014; 19 February 2015*]

19. If insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated, the administrator shall, by 31 August 2015, submit an application to a court for the termination of insolvency proceedings due to completion of the bankruptcy procedure. If amicable settlement or reorganisation has been started in the abovementioned proceedings by 28 February 2015, the situation in insolvency proceedings shall be addressed in accordance with the procedures laid down in the law On the Insolvency of Undertakings and Companies.

[*18 December 2014*]

20. If insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated, the administrator shall, by 31 December 2015, submit an application to a court for the termination of the case of insolvency proceedings due to completion of the bankruptcy procedure. If amicable settlement, reorganisation, or legal protection proceedings (extrajudicial legal protection proceedings) have been started in the abovementioned proceedings by 28 February 2015, the situation in insolvency proceedings shall be addressed in accordance with the procedures laid down in the Insolvency Law that was in force until 31 October 2010.

[*18 December 2014*]

21. The creditors’ meeting may, by 31 August 2015, take the decision to apply amicable settlement, settlement, reorganisation, or legal protection proceedings in accordance with the laws and regulations that were in force on the day when the abovementioned insolvency proceedings were initiated.

[*18 December 2014*]

22. If amicable settlement, reorganisation, or legal protection proceedings (extrajudicial legal protection proceedings) that have been initiated in accordance with the procedures laid down in Paragraphs 19, 20, and 21 of these Transitional Provisions are discontinued after 28 February 2015, the administrator shall initiate the bankruptcy procedure by applying the legal provisions that were in force on the day when the abovementioned insolvency proceedings were initiated.

[*18 December 2014*]

23. If the administrator has initiated the bankruptcy procedure after the cases referred to in Paragraph 21 of these Transitional Provisions, he or she shall submit an application to court for the termination of insolvency proceedings due to completion of the bankruptcy procedure within one year after the start date of the bankruptcy procedure by applying legal provisions that were in force on the day when the abovementioned insolvency proceedings were initiated.

[*18 December 2014*]

24. If the administrator fails to submit the application referred to in Paragraphs 19 and 20 of these Transitional Provisions to a court by the deadlines specified therein, the Insolvency Administration shall submit an application to a court for the removal of the administrator from the performance of his or her obligations in the respective insolvency proceedings, except when:

1) insolvency proceedings cannot be terminated due to initiated civil proceedings or administrative proceedings;

2) according to an evaluation by the Insolvency Administration, insolvency proceedings cannot be terminated due to justified reasons;

3) the debtor in respect of whom insolvency proceedings have been proclaimed has been recognised a victim in criminal proceedings.

[*18 December 2014*]

25. In the cases referred to in Paragraph 24, Sub-paragraph 1 of these Transitional Provisions, the Insolvency Administration shall impose a legal obligation on the administrator to convene a creditors’ meeting for deciding on the issue of proceeding with the court procedures in accordance with the legal provisions that were in force on the day when the abovementioned insolvency proceedings were initiated: by 30 November 2015 (if insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated), or by 31 March 2016 (if insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated). If the creditors’ meeting votes on discontinuation of court procedures, the administrator shall start or complete the selling of the property, satisfy the claims of creditors and shall submit an application to a court in respect of termination of insolvency proceedings due to the completion of the bankruptcy procedure: by 30 November 2016 (if insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated), or by 31 December 2017 (if insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated). If the creditors’ meeting votes on proceeding with court procedures, the administrator shall convene the next creditors’ meeting for deciding on the issue of either termination of insolvency proceedings or proceeding with the court procedure: by 30 November 2016 (if insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated), or by 31 December 2017 (if insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated). The decision shall be deemed taken when supported by three quarters of the creditors with voting rights attending the meeting.

[*18 December 2014*]

26. In the cases referred to in Paragraph 24, Sub-paragraph 2 of these Transitional Provisions, the Insolvency Administration shall impose legal obligation on the administrator to convene a creditors’ meeting for deciding on the issue of completing the bankruptcy procedure in accordance with the legal provisions that were in force on the day when the abovementioned insolvency proceedings were initiated: by 30 November 2015 (if insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated), or by 31 March 2016 (if insolvency proceedings a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated). If the creditors’ meeting votes in favour of completing the bankruptcy procedure, the administrator shall start or complete the selling of the property, satisfy the claims of creditors and shall submit an application to a court in respect of termination of insolvency proceedings due to the completion of the bankruptcy procedure: by 30 November 2016 (if insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated), or by 31 December 2017 (if insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated). If the creditors’ meeting has not voted on the actions for completing the bankruptcy procedure, the administrator shall convene the next creditors meeting for deciding on the issue of terminating insolvency proceedings: by 30 November 2016 (if insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated), or by 31 December 2017 (if insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated). The decision shall be deemed taken when supported by three quarters of the creditors with voting rights attending the meeting.

[*18 December 2014*]

27. If the administrator fails to submit the application to a court requesting termination of insolvency proceedings in the cases referred to in Paragraph 23, 25, 26, or 28 of these Transitional Provisions and by the deadlines specified therein, the Insolvency Administration shall submit an application to a court for the removal of the administrator from the performance of his or her obligations in the respective insolvency proceedings and termination of insolvency proceedings.

[*25 September 2014*]

28. If the court removes the administrator from the performance of his or her obligations in the relevant insolvency proceedings based on the application by the Insolvency Administration referred to in Paragraph 24 of these Transitional Provisions, the new administrator shall start or complete the selling of the property, satisfy the claims of creditors and shall submit an application to court in respect of termination of insolvency proceedings due to the completion of the bankruptcy procedure: by 31 August 2016 (if insolvency proceedings have been initiated in accordance with the law On the Insolvency of Undertakings and Companies and have not been terminated), or by 31 December 2016 (if insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law that was in force until 31 October 2010 and have not been terminated).

[*18 December 2014*]

29. If the court removes the administrator from the performance of his or her duties in the relevant insolvency proceedings based on the application of the Insolvency Administration referred to in Paragraph 27 of these Transitional Provisions and the administrator fails to perform the actions referred to in the court decision which are related to the exclusion of the debtor from the relevant public register or termination of insolvency proceedings, the Association of Administrators, upon proposal of the Insolvency Administration, may take the decision to terminate the operation of the administrator’s certificate.

[*25 September 2014*]

30. In order to ensure the performance of the duties referred to in Paragraphs 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, and 29 of these Transitional Provisions, the administrator may provide information to creditors in accordance with the procedures laid down in Section 81, Paragraph three of this Law. Creditors shall submit an application to the administrator by 1 April 2015, indicating their electronic mail address.

[*18 December 2014*]

31. If any contradictions are detected between various regulations governing insolvency proceedings, for the purpose of conforming to Paragraphs 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, and 30 of these Transitional Provisions, those legal provisions shall be applied that were in force on the day when the relevant insolvency proceedings were initiated, unless laid down otherwise in Paragraphs 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22 of these Transitional Provisions.

[*18 December 2014*]

32. Value added tax is added to the administrator’s remuneration for performing his or her obligations in respect of insolvency proceedings to which laws and regulations referred to in Paragraphs 2 and 5 of these Transitional Provisions apply, if the administrator is registered in the State Revenue Service Value Added Tax Taxable Persons Register.

[*25 September 2014*]

33. [*19 February 2015*]

34. Sections 1–76 of the law Amendments to the Insolvency Law adopted by the *Saeima* on 25 September 2014 shall come into force on 1 March 2015.

[*18 December 2014 / The abovementioned amendments shall be included in the wording of the Law as of 1 March 2015*]

35. Administrators whose certificates have been issued in accordance with the regulation of this Law which was in force until the day when amendments regarding the taking of qualification examination and appointing of the administrator to the office came into force and whose certificates are valid on the day of coming into force of these amendments have the right to fulfil the obligations of the administrator on the basis of the issued certificate. After expiry of the period of validity of the certificate the administrator has an obligation to take the qualification examination as soon as it is organised. If the administrator fails to take the qualification examination or takes it but receives a negative evaluation, he or she shall lose the right to fulfil the obligations of the administrator.

[*22 December 2016*]

36. Regulation of this Law that stipulates a restriction on the fulfilment of the obligations of the administrator if operation of his or her certificate has been suspended or terminated, or his or her certificate which was valid until the day when amendments regarding the taking of qualification examination and appointing of the administrator to the office came into force has been cancelled, shall be applicable to the administrator referred to in Paragraph 35 of these Transitional Provisions until appointing thereof to the office.

[*22 December 2016*]

37. The Director of the Insolvency Administration shall appoint the administrators referred to in Paragraph 35 of these Transitional Provisions to the office and issue an office certificate to them after they have passed the qualification examination successfully. Until issuing of the office certificate, the right of the administrator to fulfil the obligations of the administrator shall be certified by a certificate issued in accordance with the regulation of this Law which was in force until the day when amendments regarding the taking of qualification examination and appointing of the administrator to the office came into force. Until issuing of the office certificate, information on a certificate of the administrator shall be entered in the columns of the Insolvency Register which are intended for the information on the office certificate.

[*22 December 2016*]

38. Starting from the day when amendments regarding the taking of qualification examination and appointing of the administrator to the office come into force, the Insolvency Administration shall perform the task of the Association of Administrators to take the decision to suspend or terminate operation of the issued certificate of the administrator or to cancel it in accordance with the provisions of the Law which were in force until the day when these amendments to the Law providing for the appointing of the administrator to the office came into force. When taking the decision to suspend or terminate operation of the certificate of the administrator or to cancel it, the procedures provided for in Cabinet Regulation No. 1038 of 9 November 2010, Procedures for Training Candidates for the Administrators of Insolvency Proceedings and for Certifying Administrators of Insolvency Proceedings, shall be applied insofar as they are not in contradiction with the purpose of this Law. The decision of the Insolvency Administration to suspend or terminate operation of the issued certificate of the administrator or to cancel it may be appealed to a court in accordance with the procedures laid down in the Administrative Procedure Law. Appealing of the relevant decision shall not suspend the operation thereof.

[*22 December 2016*]

39. Administrators the operation of whose certificate has been suspended during organisation of the qualification examination specified in Paragraph 35 of these Transitional Provisions shall take the qualification examination to be taken prior to the appointing to the office, as soon as the qualification examination is organised after expiry of the time limit for the suspension of operation of the certificate.

[*22 December 2016*]

40. The Insolvency Administration shall organise the first qualification examination for administrators starting from 1 June 2017.

[*22 December 2016*]

41. After notification of the results of the qualification examination, the Insolvency Administration shall, without delay, provide to the responsible institution which maintains the Insolvency Register the information required for the updating of the information included in this register on the administrator and, in the cases where in accordance with Paragraph 38 of these Transitional Provisions the administrator has lost the right to fulfil the duties of an administrator, take measures for his or her removal from all insolvency proceedings for which he or she has been appointed in accordance with Section 17.2, Paragraph one, Clause 4 and Section 20, Paragraph one, Clause 1.1 of this Law.

[*22 December 2016*]

42. The Insolvency Administration shall take a decision on the contested administrative acts and actual actions of the Association of Administrators in issues regarding certification of the administrator, including issuing of a certificate, termination of operation of the certificate or cancellation of the certificate, and also re-certification of the administrator.

[*22 December 2016*]

43. The actual actions and administrative acts of the Association of Administrators which refer to the certification of the administrator, including issuing of the certificate, termination of operation of the certificate, or cancellation of the certificate, and also re-certification of the administrator, may be contested before the Insolvency Administration in accordance with the procedures laid down in the Administrative Procedure Law. A decision of the Insolvency Administration may be appealed to the court. Contesting or appeal of the abovementioned decisions shall not suspend the operation thereof.

[*22 December 2016*]

44. The Association of Administrators shall, by 1 March 2017, hand over to the Insolvency Administration a register of the issued, extended, cancelled, and terminated certificates and duplicates of certificates; the decisions which have been taken when performing the State administration tasks assigned thereto in accordance with the regulation of this Law which was in force until the day when amendments regarding taking of the qualification examination and appointing of the administrator to the office came into force, and also the documents supporting such decisions.

[*22 December 2016*]

45. The provisions of this Law regarding training of candidates for the office of the administrator shall be applicable starting from 1 July 2017. Certifications of the attendance of a training course which have been issued by the Association of Administrators shall be valid until the expiry of the time limit indicated therein. A candidate to the office of the administrator the period of validity of whose certification of the attendance of the training course issued by the Association of Administrators expires during the period from the day when amendments regarding the taking of qualification examination and appointing of the administrator to the office came into force until 30 June 2017 have the right to take the examination of the administrator organised by the Insolvency Administration as soon as it is organised after expiry of the time limit indicated in the certification.

[*22 December 2016*]

46. Qualification improvement activities which the administrator has attended until the day when the provisions of this Law regarding taking of the qualification examination came into force shall be taken into account when deciding on the issue of the fulfilment of the preconditions for the qualification examination.

[*22 December 2016*]

47. The provisions of this Law by which regulation of the supervisory person of legal protection proceedings and the changes related thereto in legal protection proceedings and extrajudicial legal protection proceedings are introduced and which restrict the competence of the administrators to fulfil the obligations of the administrator in legal protection proceedings and extrajudicial legal protection proceedings respectively shall be applicable starting from 1 July 2017. The regulation referred to in this Paragraph shall be applicable to the legal protection and extrajudicial legal protection proceedings initiated after 1 July 2017. The provisions of this Law which were in force on the day of initiation of legal protection proceedings shall be applicable to the relevant legal protection proceedings initiated until 30 June 2017.

[*22 December 2016*]

48. The provisions of this Law providing for the competence of the Insolvency Administration to perform the actions specified in Section 174.2, Paragraph one, Clause 9 of this Law shall be applicable starting from 1 July 2017.

[*22 December 2016*]

49. The regulation of this Law which specifies the obligations of the supervisory person of legal protection proceedings and of the administrator in the field of record-keeping shall be applicable starting from 1 July 2017.

[*22 December 2016*]

50. Section 174.1, Clauses 13, 14, and 15 of this Law which provide for the competence of the Insolvency Control Service to create, maintain, and develop the System, to perform electronic processing of documents, and to ensure the availability of information on the website shall be applicable starting from 1 July 2018.

[*22 December 2016; 31 May 2018*]

51. Section 12.1 of this Law which determines operation of the System shall come into force on 1 July 2018.

[*22 December 2016*]

52. Section 12.2 of this Law which determines the information to be published on the website of the Insolvency Control Service shall come into force on 1 July 2018.

[*22 December 2016; 31 May 2018*]

53. The Cabinet shall, by 1 May 2017, issue the Cabinet regulations provided for in Section 13.1, Paragraph three, Section 15, Paragraph two, Section 16.1, Paragraph five, Section 16.2, Paragraph six, and Section 174.2, Paragraph three of this Law.

[*22 December 2016*]

54. The Cabinet shall, by 1 June 2017, issue the Cabinet regulations provided for in Section 12.6, Paragraph two, Section 12.7, Paragraph four, Section 17.1, Paragraph two, Section 17.2, Paragraph two, Section 17.3, Paragraph two, Section 17.4, Paragraph two, Section 26, Paragraph seven, and Section 26.1, Paragraph four of this Law.

[*22 December 2016*]

55. The Cabinet shall, by 31 December 2017, issue the Cabinet regulations provided for in Section 12.1, Paragraph eight and Section 12.2, Paragraph four of this Law.

[*22 December 2016*]

56. Until the day of issue of the Cabinet regulations provided for in Paragraph 54 of these Transitional Provisions, but not later than until 1 June 2017, Cabinet Regulation No. 1038 of 9 November 2010, Procedures for Training Candidates for the Administrators of Insolvency Proceedings and for Certifying Administrators of Insolvency Proceedings, shall be applicable insofar as they are not in contradiction with the purpose of this Law.

[*22 December 2016*]

57. The administrators referred to in Paragraph 7 of these Transitional Provisions who are studying at a higher education institution shall, when applying for the qualification examination, submit a statement to the Insolvency Control Service on the continuation of studies issued by the higher education institution. If the administrator who meets the criteria specified in Paragraph 7 of these Transitional Provisions has failed to submit a statement on the continuation of studies when applying for the qualification examination referred to in Paragraph 35 of these Transitional Provision, he or she shall lose the right to fulfil the obligations of the administrator and the Director of the Insolvency Control Service shall, by a decision, remove this administrator from the office.

[*22 December 2016; 31 May 2018*]

58. Amendments to Section 33 of this Law regarding its supplementation with Paragraph 1.1 concerning the obligation to pay a deposit for insolvency proceedings of a legal person if the application for legal protection proceedings is re-submitted within one year shall apply to the cases of legal protection proceedings initiated starting from 1 July 2018.

[*31 May 2018*]

59. Amendments to Section 80 of this Law with regard to the procedures for appealing the decision of the administrator to recognise, not to recognise, or to recognise partly the claim of the creditor, concurrently asking to examine a dispute regarding the rights and to impose a provisional remedy, shall be applicable to the cases of insolvency proceedings of a legal person initiated after coming into force of these amendments.

[*31 May 2018*]

60. Amendments to Section 169 of this Law regarding the supplementation of Paragraph two with Clauses 1.1 and 4 and to Section 171, Paragraph one regarding the remuneration of the administrator if the debtor – a legal person –, according to data on the last completed financial year, has employed more than 250 employees and its annual turnover has exceeded 50 million euros or the annual balance-sheet total has exceeded 43 million euros, and economic activity is continued during the insolvency proceedings of the debtor, and regarding the disbursing of a deposit for insolvency proceedings of a natural person shall apply to the cases of insolvency proceedings of a legal person and a natural person initiated starting from 1 July 2018.

[*31 May 2018*]

61. The Cabinet shall, by 1 July 2018, determine the procedures for lodging and disbursing a deposit for insolvency proceedings of a legal person and a natural person, determining actions of the Insolvency Control Service with the deposit lodged within the framework of a case of legal protection proceedings, and determining new procedures for disbursing a deposit for insolvency proceedings of a natural person.

[*31 May 2018*]

62. Amendments to Section 12.5 of this Law regarding its supplementation with Paragraph five, to Section 26 regarding its supplementation with Paragraph 2.1, to Section 26 regarding the supplementation of Paragraph three with Clause 10, to Section 28 regarding the new wording of Paragraph two which provide for the obligation for a supervisory person of legal protection proceedings and the administrator to use the System, including the obligation of the administrator to submit the authorisation to the Insolvency Control Service using the System, shall come into force on 1 January 2019.

[*31 May 2018*]

63. Section 12.1, Paragraph nine of this Law, and also amendments to Section 69 of this Law regarding its supplementation with Clause 7, to Section 73 regarding its supplementation with Paragraph 3.1, to Section 81 regarding its supplementation with Paragraph four, and Section 140 regarding its supplementation with Clause 3 which provide for the right of the creditor and its representative, the representative of the debtor, the debtor – a natural person – in the insolvency proceedings or his or her representative to use the System, shall come into force on 15 April 2019 and shall apply to insolvency proceedings of a legal person, insolvency proceedings of a natural person, and legal protection proceedings initiated after 31 December 2018.

[*31 May 2018*]

64. Amendments to Section 19 of this Law regarding its supplementation with Paragraph 1.1 and the new wording of Paragraph two, and also amendments to Section 59 of this Law regarding its new wording which provide for the automated selection of the candidate for the position of the administrator to be appointed for insolvency proceedings from the List of Candidates, shall come into force on 1 January 2019. The Cabinet shall, by 1 December 2018, issue regulations regarding the procedures for compiling the List of Candidates in the System, the characteristics by which an administrator shall be included in the List of Candidates, and the procedures for selecting a candidate for the office of the administrator by using automated selection provided by the Court Information System.

[*31 May 2018*]

65. Amendments to Section 62 of this Law regarding the deletion of Paragraph 7.3 which provides for the delegation for the Cabinet to determine the proportion of the State entrepreneurial risk fee to be directed towards the covering of the costs of the insolvency proceedings of a legal person, and amendments to Section 62, Paragraph 7.2 of this Law shall come into force on 1 January 2019.

[*31 May 2018*]

66. Amendments to Section 85 of this Law shall come into force on 1 January 2019. The Cabinet shall, by 1 December 2018, issue a regulation regarding the content of the operational report of the administrator and the procedures for filling in thereof. If, in accordance with Cabinet Regulation No. 247 of 19 April 2016, Regulations Regarding the Operational Report of the Administrator of Insolvency Proceedings and the Procedures for Filling in Thereof (hereinafter in this Paragraph – Regulation No. 247), the end of the period of the operational report of the administrator sets in by 31 December 2018, the administrator shall provide his or her operational report to the creditors and the Insolvency Control Service in accordance with the abovementioned Regulation No. 247. In this case the previous form of the operational report of the administrator shall be available on the website of the Insolvency Control Service until 18 January 2019. Starting from 1 January 2019 the administrator shall enter in the System the amount of data specified in Regulation No. 247 which is to be submitted for filling in the operational report of the administrator in specific insolvency proceedings after the end of the period of the last operational report of the administrator submitted on the website of the Insolvency Control Service by 31 December 2018. The administrator shall enter in the System the data which are to be submitted in specific insolvency proceedings from 1 January 2019 in accordance with Cabinet Regulation Regarding the Content of the Operational Report of the Administrator and the Procedures for Filling in Thereof which will come into force on 1 January 2019. The first operational report of the administrator shall be created in the System by 31 March 2019 in accordance with Section 85, Paragraph one of the Insolvency Law and the Cabinet Regulation Regarding the Content of the Operational Report of the Administrator and the Procedures for Filling in Thereof which will come into force on 1 January 2019. The data entered in the System from 1 January 2019 to 31 March 2019 shall be compiled therein.

[*31 May 2018*]

67. Amendments to Section 64, Paragraph one, Clause 2, Section 88, Paragraph one, Clause 2, supplementing it with Sub-clause “g”, Section 89, Clause 3, Section 114, Section 118, Paragraph twelve, and Section 170, Paragraph one of this Law shall be applicable to insolvency proceedings of legal persons initiated after coming into force of these amendments.

[*31 May 2018*]

68. Amendments to Section 130 of this Law, supplementing it with Clause 5, shall be applicable to insolvency proceedings of natural persons initiated after coming into force of these amendments.

[*31 May 2018*]

69. Section 12.1, Paragraph ten of this Law which provides that the information included in the System shall be restricted access information shall also apply to the information included in the System in accordance with Cabinet Regulation No. 247 of 19 April 2016, Regulations Regarding the Operational Report of the Administrator of Insolvency Proceedings and the Procedures for Filling in Thereof.

[*31 May 2018*]

70. Amendments to Section 38, Paragraph seven, Section 164, Paragraph four, Clause 4, Section 174.1, Clause 3 of this Law related to the administrative offence proceedings and Chapter XXXIII of this Law shall come into force concurrently with the Law on Administrative Liability.

[*5 December 2019*]

71. Amendments to Section 12 of this Law regarding its new wording and to Section 130 regarding its supplementation with Clause 6 shall come into force concurrently with the Law on Release of a Natural Person from Debt Obligations.

[*15 June 2021*]

72. Amendments to Section 27, Paragraph one of this Law regarding its supplementation with Clause 5 and amendments regarding the deletion of Section 170, Paragraph two, Clause 4 of this Law shall come into force on 1 January 2022.

[*15 June 2021*]

73. Amendments to Section 155, Paragraphs one, two, and three and Section 161, Clause 1 of this Law regarding the amount of income to be directed for settling the claims of creditors shall apply to insolvency proceedings of a natural person which have been declared after the coming into force of these amendments.

[*15 June 2021*]

74. The amendment to Section 172, Paragraph four, Clause 6 of this Law in relation to the determination of expenses for the enforcement of a judgment, insofar as they have not been covered in accordance with the Civil Procedure Law, for indirect costs of insolvency proceedings of a natural person shall be applicable in insolvency proceedings of a natural person which have been commenced after the coming into force of these amendments.

[*15 June 2021*]

75. Administrators who have been appointed to the office of the administrator in accordance with the regulation of this Law and for whom, according to the decision of the Director of the Insolvency Control Service, the end date of the validity period of the office certificate issued is not later than 31 March 2022 shall take the next qualification examination not later than in April 2024 but until then they shall continue to fulfil the obligations of the administrator on the basis of the office certificate issued.

[*2 September 2021*]

76. Administrators who have been appointed to the office of the administrator in accordance with the regulation of this Law and for whom, according to the decision of the Director of the Insolvency Control Service, the end date of the validity period of the office certificate issued is within the period from 1 April 2022 to 31 December 2023 shall take the next qualification examination not later than in October 2024 but until then they shall continue to fulfil the obligations of the administrator on the basis of the office certificate issued.

[*2 September 2021*]

77. The qualification examination referred to in Paragraphs 75 and 76 of these Transitional Provisions shall also be taken by the administrators whose official activities have been suspended during taking of the relevant qualification examination or who have been suspended from the fulfilment of the official activities.

[*2 September 2021*]

78. The administrator may request the Director of the Insolvency Control Service to extend once the time limit for taking the qualification examination referred to in Paragraphs 75 and 76 of these Transitional Provisions until the next nearest time it is organised if the qualification examination has not been taken due to objective circumstances or until the next nearest time the qualification examination is organised after expiry of the time limit for the suspension of official activities of the administrator or the suspension thereof from the office if the official activities of the administrator have been suspended during the qualification examination referred to in Paragraphs 75 and 76 of these Transitional Provisions or he or she has been suspended from the office. In such cases, the start date of the validity period of the office certificate shall be the date on which such qualification examination took place which the administrator had an obligation to take in accordance with Paragraph 75 or 76 of these Transitional Provisions.

[*2 September 2021*]

79. If the administrator has passed the qualification examination referred to in Paragraphs 75 and 76 of these Transitional Provisions during a period when his or her official activities were suspended or he or she was suspended from the office, the administrator is entitled to resume the fulfilment of the official duties after the Director of the Insolvency Control Service has taken the decision to reinstate the official activities of the administrator. If the decision in accordance with Paragraph 78 of these Transitional Provisions has been taken to extend the time limit for taking the qualification examination until the next nearest time the qualification examination is organised after expiry of the time limit for the suspension of official activities of the administrator or the suspension thereof from the office, official activities of the administrator shall be reinstated on the basis of a decision of the Director of the Insolvency Control Service after passing of the qualification examination.

[*2 September 2021*]

80. In order to provide a possibility for such administrators to re-take the qualification examination who, when taking the qualification examination referred to in Paragraphs 75 and 76 of these Transitional Provisions, have received a negative evaluation or have not taken this examination due to objective circumstances, the Insolvency Control Service is entitled to organise the qualification examination not later than six months after the day of the qualification examination referred to in Paragraphs 75 and 76 of these Transitional Provisions.

[*2 September 2021*]

81. Qualification improvement activities which the administrator has attended from the beginning of the last qualifying period until the day when the provisions of this Law regarding the taking of the qualification examination came into force in accordance with Paragraphs 75 and 76 of these Transitional Provisions shall be taken into account when deciding on the fulfilment of the preconditions for the qualification examination.

[*2 September 2021*]

82. Amendments to Section 12.3, Section 12.4, Paragraph two, Section 12.8, Paragraphs four and five, Section 12.9, Section 20, Paragraph one, Sections 35.1, 36, 37, Sections 37.1 and 37.2, amendments to Sections 38 and 40, Section 41, Paragraph one, Sections 42, 43, 45, Section 46, Paragraph four, Section 47, Section 48, Paragraph one, Sections 49, 50, 51, Section 53, Paragraph one, Clause 3, Section 54, Paragraph one, Sections 56, 73, 96, 101, 118, Chapter XXII, Section 127, Paragraph three, and Section 129, Paragraph one, Section 129, Paragraphs 2.1 and 4.1, amendments to Section 130, Section 131, Paragraph one, Sections 132 and 133, Section 133.1, amendments to Sections 135, 137, 140, 147, 149, 150, 153, 154, and 155, Section 162, Paragraph six, Section 164, Sections 165.1 and 165.2, amendments to Section 166, Section 174.2, Paragraph one, Clause 7, Section 175, Paragraph one, Clause 2, and Section 178 of this Law related to the introduction of Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) shall apply to legal protection proceedings, insolvency proceedings of a legal and a natural person initiated starting from 15 September 2023.

[*16 March 2023*]

83. The Cabinet shall, by 15 September 2023, issue the regulations referred to in Section 12.5, Paragraph six and Section 12.8, Paragraph five of this Law, and also develop amendments to Regulation No. 88 of 24 February 2015, Procedures for Lodging and Disbursing a Deposit for Insolvency Proceedings of a Legal Person and a Natural Person.

[*16 March 2023*]

84. Amendment to Section 67 of this Law regarding its supplementation with Clause 16 in the Paragraph on the rights of an administrator to request that the court terminates the proceedings in the actions on the exclusion of the debtor as a member of a different company which have been brought in accordance with Section 136.1 of the Commercial Law shall come into force on 1 July 2023.

[*16 March 2023*]

85. Amendment to Section 73 of this Law regarding supplementation thereof with Paragraph 4.1 shall come into force on 1 July 2024.

[*16 March 2023 / The abovementioned amendment shall be included in the wording of the Law as of 1 July 2024*]

86. Section 133, Paragraph 1.1 of the Law shall not apply if insolvency proceedings of a legal person, where a sole proprietorship, individual (family) undertaking, farm, or fishing enterprise, or insolvency proceedings of a natural person performing economic activity have been declared by 15 September 2023.

[*16 March 2023*]

**Informative Reference to European Union Directive**

[*16 March 2023*]

The Law includes legal norms arising from Directive (EU) 2019/1023 of the European Parliament and of the Council 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency).

The Law shall come into force on 1 November 2010.

The Law has been adopted by the *Saeima* on 26 July 2010.

President V. Zatlers

Rīga, 6 August 2010