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].

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 renewal 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 property 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 and capital market participants the supervision of whose activities in accordance with the requirements of laws and regulations is performed by the Financial and Capital Market Commission, insofar as it is not laid down otherwise by the special legal norms governing the activities of the financial and capital market participants.

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

(6) The provisions of this Law shall be applicable to action 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 of 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.

[*15 June 2021; 15 June 2021; 25 November 2021*]

**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 matter of legal protection proceedings are initiated in a court and shall take place until the day when the court takes a 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 the property of a debtor in order to promote the honouring 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 a decision to terminate 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 the property of a debtor and provide the opportunity for a debtor whose property and income is insufficient to cover the entire obligations to be released from the obligations which have not been honoured 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 a decision to terminate 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 conformed to during the proceedings. The restriction of rights of creditors specified within the scope of the proceedings may not be greater than is necessary for achieving 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) the principle of not allowing arbitrariness – a creditor and debtor may not perform individual activities which cause harm to the interests of the creditors in general;

4) principle of honouring of obligations – 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 effectiveness of proceedings – such measures which allow the objective of the proceedings to be achieved in a 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 commercially lawful quick turnover. The sale of the property of a debtor shall be performed in order to ensure the return thereof to commercially lawful circulation as quickly as possible;

7) principle of transparency – in order to ensure credibility, information on proceedings must be accessible to all persons involved in the proceedings, thereby promoting the observation 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 the debtor or a third person is secured by a commercial pledge, or mortgage on the property of the debtor 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, during 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 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 in legal protection proceedings specified in this Law.

[*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) An 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 an 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 it is 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 the 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 with 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 accessible 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 included 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 of 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 included 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 of 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 for the exercising of 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) Upon updating the information included in the System, the information registered previously is saved.

(8) The Cabinet shall determine the procedures for using and maintaining the System, the procedures for including 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 periods for storage thereof.

(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 of 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 12.2 Information 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 results of 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 results of 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 of 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 Decision, 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 carrying out 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) Upon 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 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 on 1 July 2018.* *See Paragraph 52 of Transitional Provisions*]

**Chapter I1.** **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) Any natural person with the capacity to act who has the right to reside and be employed in Latvia during the entire course of legal protection proceedings and who is not subject to the restrictions specified in this Law may be the supervisory person of legal protection proceedings.

(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 a decision has been taken to cancel the certificate of a sworn auditor;

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

42) who has been removed from the office of an 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 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) who has participated in the development of the plan of measures of legal protection proceedings of the debtor;

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. Upon 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 creditors thereof without delay.

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

**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 appoint 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 a representative authorised by the majority of creditors specified in Section 42, Paragraph three of this Law;

4) on the basis of an application of the Insolvency Control Service if the restrictions specified in Section 12.3, Paragraphs two and three of this Law have been established;

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 a decision of the Commission of Disciplinary Matters has entered into effect to remove the supervisory person of legal protection proceedings from legal protection proceedings;

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

[*22 December 2016; 31 May 2018*]

**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 that the Insolvency Control Service may access the place of practice in Latvia registered with the Insolvency Register and the location of the debtor – legal person – when performing the procedural actions specified 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.

[*22 December 2016; 31 May 2018* / *Paragraph five shall come into force on 1 January 2019.* *See Paragraph 62 of Transitional Provisions*]

**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 resulting 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 periods laid down in Section 30 of this Law.

(4) The supervisory person of legal protection proceedings may insure his or her civil liability for possible damage which he or she may cause with his or her action to the debtor, creditors, or other persons in legal protection proceedings, if this person considers it necessary or it is required by the majority of creditors specified in Section 42, Paragraph three of this Law.

[*22 December 2016*]

**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.

[*22 December 2016*]

**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 the age of 25 years;

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 fluent in the official language at the highest level;

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) An administrator may not be a person:

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

2) who has been removed from the office of an 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 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 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, 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 a decision has been taken to cancel the certificate of a sworn auditor;

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 an 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 an Administrator**

[22 December 2016]

**Section 16.1 Examining of an Administrator**

(1) A person who wishes to hold the office of an 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 an administrator at the proposal of a member of the Board or the Director of the Insolvency Control Service.

(2) The examination of an 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 non-compliance 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 an administrator (hereinafter – the qualification examination).

(5) The Cabinet shall determine the procedures for examining an 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 an Administrator**

(1) After appointing to the office, an 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 regarding 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 regarding application for the qualification examination is submitted.

(3) During 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 period for taking the qualification examination until the next time when the qualification examination is organised after expiry of the time period 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 renewed 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 expiry of the time period for the suspension of official activities of the administrator or the suspension thereof from the office, and the time period 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) An 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 a decision to extend the time period 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) An 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 a decision to extend the time period 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. An administrator who has not been able to take the qualification examination for objective reasons has the right to ask for extension of the time period 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 an Administrator’s Certificate and Its Annulment**

[22 December 2016]

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

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

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

[*22 December 2016; 31 May 2018*]

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

(1) The Director of the Insolvency Control Service shall remove an 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 imposed fine specified in Section 31.7, Paragraph one, Clause 1 or 2 of this Law within the time period specified in Section 31.7, Paragraph five of this Law;

9) in the event of death of the administrator;

10) a 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 an Administrator**

(1) The Director of the Insolvency Control Service may suspend an 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 an Administrator**

(1) The Director of the Insolvency Control Service shall, on the basis of a submission of an administrator, take a 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 person, another State institution or State (local government) capital company, or for a time 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 Activity of an Administrator**

(1) The responsible authority shall enter the following information on an 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 is, in accordance with this Law or other laws and regulations, restricted to fulfil the obligations of the administrator (official activities of the administrator have been suspended, the administrator has been suspended from the office, a decision has been taken within the framework of criminal proceedings to apply a procedural compulsory measure – a prohibition of specific employment – which imposes a restriction to fulfil the duties of office of the administrator, or a case specified in Section 16.2, Paragraph four of this Law has occurred – the time period for the suspension of official activities of the administrator has expired or the circumstances forming grounds for the suspension of the administrator from the office are no longer present, and the administrator has not yet passed 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**

**Appointing and Removal of an Administrator in Insolvency Proceedings of a Legal or Natural Person**

[*22 December 2016*]

**Section 19. Appointing of an Administrator in Insolvency Proceedings of a Legal Person and Insolvency Proceedings of a Natural Person**

(1) A court shall appoint an 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 an 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 automated selection provided by the Judicial Informative System.

(2) The Cabinet shall determine the procedures for compiling the List of Candidates in the System, the characteristics by which an administrator is included in the List of Candidates, and the procedures for selecting a candidate for the office of an administrator, using automated selection provided by the Judicial Informative 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 in Fulfilling Administrator’s Duties**

(1) The administrator may not assume and fulfil the obligations of an 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) a decision has been taken with regard to the administrator within the framework of criminal proceedings to apply a procedural compulsory measure – a prohibition of specific employment – which imposes a restriction to fulfil the duties of office of an 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 legal relationships 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 obligations 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 obligations 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 appointing to specific insolvency proceedings the administrator has decided on claims of the debtor in other insolvency proceedings of a legal person or insolvency proceedings of a natural person in which the administrator fulfilled obligations of the administrator;

11) the administrator has already the fulfilled obligations of the administrator in insolvency proceedings of this debtor.

(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.

[*22 December 2016; 31 May 2018*]

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

(1) The provisions of Section 20 of this Law shall not be applicable if in a business relationship the administrator is a recipient of goods or services within the framework of regular economic activity of a 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) An 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 execute 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 that the administrator should be removed from specific insolvency proceedings of a legal person or insolvency proceedings of a natural person, if the administrator has not ensured the effective course 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 obligations 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 exist with regard to him or her.

(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) Upon resigning from insolvency proceedings of a legal person or insolvency proceedings of a natural person the administrator shall follow 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 is 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 period 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 appointing of a new administrator, the previous administrator shall continue to fulfil the duties thereof. After appointing of a new administrator, the previous administrator, in accordance with the procedures laid down in law, is 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, when commencing the fulfilment of duties, shall 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 Obligations of the Administrator in Insolvency Proceedings of a Legal Person or Insolvency Proceedings of a Natural Person**

The obligations of an administrator shall expire:

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 an Administrator**

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

(1) After appointing of an 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 course of insolvency proceedings of a legal person and insolvency proceedings of a natural person, and achievement of objectives thereof.

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

(3) The administrator has the following obligations:

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

2) to provide information on the course of 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 course of 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 obligations;

6) if supervision of activities of a participant of the financial and capital market is performed by the Financial and Capital Market Commission in accordance with the requirements of laws and regulations, upon request thereof, to provide this Commission with information or a report on the course of insolvency proceedings of the relevant participant of the financial and capital market or insolvency proceedings of a legal person;

7) to examine complaints about the course of 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 that the Insolvency Control Service may access the place of practice of the administrator in Latvia registered with the Insolvency Register and the location of the debtor – legal person – when performing procedural actions specified 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) An 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 records of the debtor in accordance with the requirements of laws and regulations. If the Law on Annual Financial Statements is applicable to the debtor, the administrator shall submit to the State Revenue Service a true copy of the annual financial statements and a sworn auditor’s report (where required) only in the cases when the administrator has taken a decision to continue the economic activity of the debtor to full or restricted extent.

(6) The administrator shall at his or her place of practice or location of the debtor settle a case 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 case of the relevant proceedings.

(7) The Cabinet shall determine the procedures for maintaining 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*]

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

(1) An 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 the time periods for storage thereof, and also the procedures for keeping records.

[*22 December 2016*]

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

(1) An 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 using the System;

3) to request and receive from other competent persons and authorities the information at the disposal thereof which is related to the course of insolvency proceedings of a legal person and insolvency proceedings of a natural person, including using 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 the debtor’s documents to the State archives for storage free of charge.

(2) The administrator with regard to whom the procedural actions specified in Section 174.2, Paragraph one, Clause 9 of this Law have been performed has the following rights:

1) to be present at the time of performance of procedural actions, to 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 one month after signing the minutes of the procedural action specified in Section 174.3 of this Law, to submit a complaint to the Director of the Insolvency Control Service regarding 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 an Administrator**

(1) An administrator has the right to authorise another administrator to perform the duties of an administrator, within the scope of one calendar year for a period of time 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 an Administrator**

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

(2) An administrator shall not be liable for the actions of the 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 an Administrator**

(1) Actions may be brought against an 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 matter, 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 an Administrator**

(1) An administrator shall have security as provided for by this Law for those cases where he or she by their actions causes losses to creditors or other persons. The security of an administrator is 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 salaries, 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 a 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 an application to the court for 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 a decision has been received from the Commission of Disciplinary Matters on proposal to suspend the administrator from the office, 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 is 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**

In examining the 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 on the supervisory person of legal protection proceedings and the administrator;

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

3) [31 May 2018];

4) to suggest that the Director of the Insolvency Control Service removes the supervisory person of legal protection proceedings from 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 it is impossible to conform to the time period specified in Paragraph one of this Section due to objective reasons, the Commission of Disciplinary Matters may extend the time period for taking a decision to up to three months from the day of initiation of a disciplinary matter. The decision on extending the time period 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 an 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 a decision of the Commission of Disciplinary Matters on proposal to remove the administrator from the office.

(4) The Director of the Insolvency Control Service shall, within two weeks from the day when a decision has been received from the Commission of Disciplinary Matters on proposal to remove the administrator from the office, take a 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 of 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 a decision to suspend the payment of the imposed fine until a specific time period or to divide it in time 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 of 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 a decision of the Commission of Disciplinary Matters to impose a disciplinary punishment to the District Administrative Court within 30 days from the day of notification of the decision.

[*22 December 2016*]

**Section 31.10 Time Period 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, individual merchants, 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 an application for legal protection proceedings is formed by the revenue 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 and capital market participants: an insurance company, an insurance brokerage company, a regulated market organiser, an investment brokerage company, a depository, an alternative investment asset management company, an investment management company, a credit union, a credit institution, and a private pension fund.

[*9 July 2013*]

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

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

(11) If an 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 matter 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 in the Initiation of a Matter of Legal Protection Proceedings**

(1) A matter 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 the debtor has had insolvency proceedings of a legal person proclaimed and an application for legal protection proceedings has been submitted.

**Section 35. Appointing of an 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 majority of creditors specified in Section 42, Paragraph three of this Law shall recommend to a court a candidate for the supervisory person of legal protection proceedings in specific legal protection proceedings upon agreement thereon with the supervisory person of legal protection proceedings and the debtor.

(2) 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 an application for withdrawal from the specific legal protection proceedings to the court in which the relevant case of legal protection proceedings has been initiated by concurrently notifying the creditors of the debtor.

(3) If the supervisory person of legal protection proceedings has submitted to a court an application for withdrawal from the specific legal protection proceedings, the majority of creditors specified in Section 42, Paragraph three of this Law shall recommend to the court a new candidate for the supervisory person of legal protection proceedings upon agreement thereon with the supervisory person of legal protection proceedings and the debtor. An authorised representative of the majority of creditors specified in Section 42, Paragraph three of this Law shall submit to the court an application for 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 withdrawal of the supervisory person of legal protection proceedings has been submitted to the court.

(4) The majority of creditors specified in Section 42, Paragraph three of this Law has the right to change the supervisory person of legal protection proceedings. The majority of creditors specified in Section 42, Paragraph three of this Law shall recommend to a court a new candidate for the supervisory person of legal protection proceedings upon agreement thereon with the supervisory person of legal protection proceedings and the debtor. An authorised representative of the majority of creditors specified in Section 42, Paragraph three of this Law shall submit to the court an application for approval of a new candidate for the supervisory person of legal protection proceedings.

(5) If an agreement is not reached on a candidate for the supervisory person of legal protection proceedings in the case referred to in Paragraph one or three of this Section, 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.

[*22 December 2016*]

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

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

1) the debtor’s firm (name);

2) the debtor’s registration number;

3) the debtor’s legal address;

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

5) the date when a court ruling has been taken to implement legal protection proceedings 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 period 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) 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 period 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 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.

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

**Chapter VI**

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

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

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

1) a stay of the enforcement of judgments in matters regarding that adjudged, and the recovery of the amount not yet recovered and in matters regarding the honouring of obligations through the court in accordance with the procedures laid down in the Civil Procedure Law;

2) a prohibition for the secured creditor to request the sale of the pledged property of the debtor, 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.

(2) A secured creditor may request the sale of the pledged property of a debtor, 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 pledged property of a debtor shall be taken by the court in which the matter of the respective legal protection proceedings has been initiated.

(3) A debtor has a duty to inform the bailiff who is managing the matter regarding the adjudged, and regarding the recovery of amounts not yet recovered from a debtor and matters regarding the honouring of obligations through the court and regarding the initiation of a matter 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 and coordination of 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.

[*12 September 2013; 25 September 2014; 22 December 2016*]

**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 period for meeting the creditors’ claims, or satisfying of the claims of creditors;

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

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

5) other methods which comply with 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 (basic debt, penalty, or interest) may only provide for proportional repayment or reduction of the basic 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 regarding the initiation of the matter 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 a debtor in legal protection proceedings.

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

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

2) the division of the repayment of the basic debt into time periods, the extension of the time period or the postponement of the time period 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 payments of debt into time periods, the extension of time periods or the postponement for a period of time.

(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.

[*14 October 2010; 25 September 2014; 5 December 2019 /* *Amendments to Paragraph seven regarding the replacement of the words “the sanctions laid down in the Latvian Administrative Violations Code” with the words “the penalties applied in the administrative offence proceedings and punishments laid down in” shall come into force on 1 July 2020.* *See Paragraph 70 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 a 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 a 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 coordinated 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 period for coordination specified in Paragraph two of this Section.

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

(2) The time period for the drawing up and co-ordination of the plan of measures of legal protection proceedings is two months from the day when the court has initiated the matter of the legal protection proceedings. The time period for the drawing up and co-ordination of the plan of measures of legal protection proceedings may be extended by one month if the majority of the creditors specified in Section 42, Paragraph three of this Law agree thereto, and the court is informed thereof without delay. If the debtor requires the consent of the tax administration for the implementation of the plan of measures of legal protection proceedings, the plan of the legal protection proceedings shall be co-ordinated with the tax administration in accordance with the procedures laid down in laws and regulations related to taxes.

(3) The task of the plan of measures of legal protection proceedings is to ensure that the gain of the creditors not having co-ordinated the plan by implementing legal protection proceedings is at least as large as that if insolvency proceedings of a 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 affiliated undertakings within the meaning of the law On Enterprise Income Tax, 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 coordination with the supervisory person of legal protection proceedings, 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 time period of the implementation of the plan of legal protection proceedings;

12) information regarding a candidate for the supervisory person of legal protection proceedings if the agreement specified in Section 35.1 of this Law has been reached, indicating the following:

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) the confirmation of a candidate for the supervisory person of legal protection proceedings that the restrictions specified in Section 12.3, Paragraphs two and three of this Section are not applicable to him or her;

13) a list of the pledged property of a debtor which is necessary for the implementation of the plan of measures of the legal protection proceedings and to which restrictions are applicable, in accordance with which the secured creditors may not execute their right in respect of the property of the debtor 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) justification for the fact that the gain of creditors not having co-ordinated the plan of measures of legal protection proceedings by implementing legal protection proceedings is at least as large as that if insolvency proceedings of a debtor were proclaimed at the moment of the approval of such a 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 regarding 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.

(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*]

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

(1) Unless a secured creditor has refused, the following shall be provided for in the plan of measures of legal protection proceedings relating thereto:

1) the procedures by which the obligations of the debtor against the secured creditor arising from the contract which the debtor has not fulfilled prior to the commencement of the legal protection proceedings, shall be honoured;

2) the regular payments arising from the contract.

(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.

**Section 42. Co-ordination of the Plan of Measures of Legal Protection Proceedings**

(1) A debtor shall transfer the plan of legal protection proceedings to all creditors, inviting them to give consent for this plan and indicating the time period for the co-ordination thereof.

(2) Voting in regard to 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 co-ordinated 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.

(4) If a creditor has not provided a written response during the time period for the co-ordination of the plan of measures of legal protection proceedings, it shall be considered that the creditor in question has not given consent for 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. As to the objections not taken into account, the debtor shall immediately commence the activities referred to in Section 43.1 of this Law and append the objections not taken into account to the coordinated plan of measures of legal protection proceedings.

(6) The following persons are not entitled to implement the right of a creditor in respect of the co-ordination of 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 the co-ordination of 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 co-ordinating 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 coordinated 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*]

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

(1) Prior to approving the plan of measures of legal protection proceedings in a court, the supervisory person of legal protection proceedings shall provide an opinion on this plan within the time period specified by the court.

(11) The supervisory person of legal protection proceedings shall deliver the opinion on the plan of measures of legal protection proceedings to the debtor concurrently with 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 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 *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 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*]

**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 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 a debtor if:

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

2) the court has approved the plan of measures of legal protection proceedings and has ruled 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 pledged property of a debtor provided for in the plan of measures of the 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 pledged property of a debtor which has not been provided for in the plan of measures of the legal protection proceedings.

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

(1) The reorganisation of a 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 a 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 a debtor – commercial company.

(4) The supervisory person of legal protection proceedings, 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 a debtor, may not be applied within the scope of legal protection proceedings.

[*22 December 2016*]

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

The debtor shall coordinate 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.

[*22 December 2016*]

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

(1) The time period for implementation of legal protection proceedings shall be determined as not exceeding two years from the day of entering into effect of the court ruling regarding the implementation of legal protection proceedings.

(2) The time period 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.

**Section 49. Restrictions and Duties of a Debtor’s Action**

(1) A debtor is prohibited from the following during the time period of 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 board and council 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 coordinating with the supervisory person of legal protection proceedings 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 period of 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) A 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 in writing, at least once a month, of the implementation of the plan of measures of legal protection proceedings;

5) upon request of the supervisory person of legal protection proceedings, to immediately provide him or her in writing with all information regarding 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) to notify immediately the supervisory person of legal protection proceedings of any circumstances due to which the debtor will not be able to implement the plan of measures of legal protection proceedings;

7) to notify the supervisory person of legal protection proceedings of change in legal address thereof and any other changes which are to be entered in the public registers;

8) to notify the supervisory person of legal protection proceedings of any significant events in the activities of the debtor.

[*22 December 2016*]

**Section 50. Activities of the Supervisory Person of Legal Protection Proceedings During Legal Protection Proceedings**

(1) In order to ensure lawful and efficient course of 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 regarding 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 taking of a court decision on approval of amendments to the plan of measures of legal protection proceedings, 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 regarding the course of the legal protection proceedings and economic activity;

5) shall inform the creditors, upon their request, regarding 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 legal protection proceedings;

2) to request and receive from other competent persons and authorities the information at their disposal which is related to the course 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 the information regarding his or her education and qualification for publication on the website. 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 with regard to whom the procedural actions specified in Section 174.2, Paragraph one, Clause 9 of this Law have been 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 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 one month after signing the minutes of the procedural action specified in Section 174.3 of this Law, to submit a complaint to the Director of the Insolvency Control Service regarding 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 regarding the course of 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*]

**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 declare insolvency proceedings of a legal 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 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) A debtor shall submit an application to court regarding the termination of legal protection proceedings, if he or she has implemented the plan of measures of legal protection proceedings.

(5) A debtor shall submit an 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 shall, not later than within five days after the court has taken a decision to terminate legal protection proceedings, send a copy of the relevant decision to the following:

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

2) the bailiff who is managing the execution files regarding the recovery of the amounts adjudged but not yet recovered from the debtor and matters 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 person.

[*25 September 2014; 22 December 2016*]

**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 period 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) A debtor has the right to concurrently submit an application for the initiation of a matter 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 coordinated the plan of measures of legal protection proceedings;

3) the majority of creditors specified in Section 42, Paragraph three of this Law has 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 coordinated plan of measures of the legal protection proceedings to those creditors who have not coordinated 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*]

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

(1) A court shall appoint the supervisory person of legal protection proceedings to extrajudicial legal protection proceedings upon an agreement between the majority of creditors specified in accordance with Section 42, Paragraph three of this Law, the supervisory person of legal protection proceedings, and the debtor.

(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 coordinated by the majority of creditors specified in Section 42, Paragraph three of this Law.

[*22 December 2016*]

**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, partnership, individual merchant, or a person registered in a foreign country who performs permanent economic activities in Latvia, and the special subjects specified in this Law (hereinafter in this Division – the debtor).

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

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

1) when applying compulsory execution means it has not been possible to execute the court ruling regarding the recovery of debt from the debtor;

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 which are past due, and the creditor or creditors have issued or sent a warning at the sender’s own expense to the legal address of the debtor regarding the intention to submit an application for insolvency proceedings of a legal person, and the debtor has not settled the debt or raised justified objections to the claim within three weeks after handing over of the warning to the postal merchant;

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 which are past due, and the creditor or creditors have issued or sent a warning at the sender’s own expense to the legal address of the debtor regarding the intention to submit an application for insolvency proceedings of a legal person, and the debtor has not settled the debt or raised justified objections to the claim within three weeks after handing over of the warning to the postal merchant;

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 Transitional Provisions*]

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

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

1) the debtor’s firm (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 time 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 period 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 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.

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

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

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

(2) Information regarding a candidate for the office of an administrator who is selected from the List of Candidates, using automated selection provided by the Judicial Informative System, shall be communicated to the Financial and Capital Market Commission, if this candidate is recommended to a participant of the financial and capital market whose supervision is performed by the Financial and Capital Market Commission in accordance with the requirements of laws and regulations.

[*31 May 2018 /* *The new wording of Section shall come into force on 1 January 2019.* *See Paragraph 64 of Transitional Provisions*]

**Chapter X**

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

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

(1) An 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) a 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 exists;

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 who has had employment legal relationships with the debtor may submit an 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) A debtor has an obligation to submit an 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 an application for insolvency proceedings of a legal person in cases when no agreement has been reached with the creditors or a matter of legal protection proceedings has not been initiated.

(4) An 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 to the Submission of an Application for Insolvency Proceedings of a Legal Person**

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

(2) If a claim is not secured in full, an 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 an application for insolvency proceedings of a legal person, if legal protection proceedings have been initiated or are being initiated in respect of the debtor.

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

(1) A precondition for the submission of an 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 salaries 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 an 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 using another source of financing.

(4) If insolvency proceedings of a legal person are not proclaimed or are financed from the 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 an 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 matter of 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 obligation specified in Paragraph 2.1 of this Section before submitting 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) 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 fulfil a court ruling regarding 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 in the case referred to in Paragraph 7.1of this Section it is not possible to cover the costs of insolvency proceedings of a legal person from the debtor’s funds and the creditors have not decided to use another source of financing, the costs of insolvency proceedings of a legal person are covered from resources of the employee claim guarantee fund.

(73) [31 May 2018 / See Paragraph 65 of Transitional Provisions]

(74) In the case referred to in Paragraph 7.1of 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 applicable to 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 possessed or held by the debtor, and such a right shall be acquired by the administrator;

2) the activity of the administrative institutions 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 money which is determined as an interest payment for missing the deadline for the payment of tax, duty and fine payments is suspended for tax claims) 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 pledged property of the debtor.

(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* / *See Paragraph 34 of Transitional Provisions*]

**Section 64. Powers of an 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, obligations, 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 drawing up of the plan for sale of the property or the report on non-existence of the property, decide on continuation of economic activity of the debtor to full or limited extent if the continuation of this activity is economically justified, or on termination thereof;

3) the administrator shall make regular tax and duty 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 regarding the appointing of an 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 a 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 regarding the declaration of insolvency proceedings of a legal person and the appointing of an 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 an Administrator after Proclamation of Insolvency Proceedings of a Legal Person**

After proclamation of insolvency proceedings of a legal person an administrator shall:

1) without delay take a decision to determine a representative or representatives of the debtor in the matter 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 property of the debtor and draw up the balance of the debtor;

3) accept, register, and check claims of creditors;

4) without delay take into their administration all the property of the debtor, and also the property possessed or held by the debtor that belongs to third persons;

5) in accordance with the procedures laid down and within the time periods 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 perform legal activities for the recovery of other property of the debtor;

7) in the cases and in accordance with the procedures laid down in laws and regulations, address the Insolvency Control Service with a submission regarding settlement of the claims of employees from resources 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 that the participants (shareholders) of the debtor honour their obligations in respect of the basic capital or other property of the debtor, and submit claims to court for the honouring of such obligations;

10) if the Financial and Capital Market Commission performs supervision of activities of the participants of the financial and capital market 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 selling the property of the debtor;

12) submit an application to the bailiff for the termination of the execution proceedings in the matters regarding the recovery of the amounts adjudged but not yet recovered from the debtor and matters regarding the honouring of the debtor’s obligations through the court;

13) hand over the debtor’s documents to the State archives for storage, including:

a) the debtor’s instructions regarding the personnel (the employment of persons, the transfer to other employment and the dismissal from employment);

b) the 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) the 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*]

**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 a 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 the property of the debtor. Information shall be accompanied by a properly certified copy of the ruling regarding the initiation of insolvency proceedings against the debtor and the appointing 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 a 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 opening, 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 the property of the debtor, 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 a 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 regarding 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 opening, 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 a 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 administration of the insolvency proceedings upon request of the administrator, also information on the property of the debtor which is located in Latvia, regarding the measures planned or to be carried out for the recovery and alienation of the property, regarding the submitted claims of creditors, recognised and non-recognised claims of creditors and complaints in connection with claims, regarding the grouping of creditors, the settled claims of creditors, creditors meetings, regarding 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 a debtor in Latvia, the administrator shall follow the course of 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 the course of these proceedings.

[*31 May 2018*]

**Section 67. Rights of an Administrator after Proclamation of Insolvency Proceedings of a Legal Person**

In addition to the general rights of an administrator specified in this Law, an administrator has the following rights after proclamation of insolvency proceedings of a legal person:

1) to alienate the property of the debtor 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 property of the debtor, and also to lease (rent) any property, if such is in the interests of the creditors as a whole;

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 regarding 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 justifying 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 resources of insolvency proceedings of the debtor or another legal person;

14) to request the bailiff to suspend advertised auctions, if it is planned to sell the property of the debtor in its entirety;

15) within three months after the submission date of 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.

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

**Chapter XII**

**Representative of the Debtor and Interested Persons with Respect to the Debtor**

**Section 68. Representative of the 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 authority who is entitled to represent the debtor separately;

2) another member of an executive authority;

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 a 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 a debtor, if he or she can provide the information specified in this Law regarding 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 a debtor is unable to fulfil his or her duties 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 a representative of the debtor to the court, without delay.

(6) The administrator may not take a decision to appoint a new representative of the debtor, if the representative of the debtor is deceased and it is impossible to appoint a another representative of the debtor.

(7) A decision to appoint a 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 when the relevant person has found out the decision.

**Section 69. Rights of the Representative of a Debtor**

The representative of a debtor has the following rights:

1) to become acquainted with the submitted claims of creditors and to express the objections against them to the administrator;

2) to request and receive information on the sale of the property of the debtor;

3) to participate in the creditors meeting and become acquainted with the minutes thereof;

4) to request that the administrator convenes 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 the 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. Duties of the Representative of a Debtor**

(1) The duties of the representative of a 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 a debtor shall transfer to the administrator the entire property of the debtor and its organisational, personal and accounting documents, orders, statements, reports and lists, and also the stamp and seal of the debtor, within the time period 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 a 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 a debtor changes his or her place of residence during the period of 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. Duty of the Representative of a Debtor to Provide Information to the Administrator and the Court**

(1) The representative of a debtor has the duty to provide the information requested by the court or administrator regarding 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 a Debtor**

(1) The following persons shall be considered as interested persons in relation to a debtor:

1) the participants (shareholders) of a 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 a debtor, if they have been in this status for the preceding five years prior to the day of proclamation of insolvency proceedings of the debtor.

**Chapter XII.1 Liability of the Members of Board of Directors**

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

**Section 72.1 Liability of the Members of Board of Directors for Failing to Provide Documents**

(1) Members of the board of directors 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 board of directors on behalf of the debtor. The creditor has the right to enter into the matter 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) The court may reduce the indemnification amount for which a member of the board of directors 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 a debtor shall be submitted to the administrator within one month from the day when the entry has been made in the register regarding proclamation of insolvency proceedings of the debtor.

(2) If a creditor has missed the deadline for submitting a claim referred to in Paragraph one of this Section, he may submit his or her claim against the debtor within a deadline not exceeding six months from the day when the entry has been made in the Insolvency Register regarding proclamation of insolvency proceedings of the debtor, but not later than until 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. After this deadline 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.

(3) If a creditor has missed the deadline for submitting 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 regarding proclamation of insolvency proceedings of a debtor, but not later than until the day when the plan for settling the claims of creditors has been settled 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 period 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.

(5) The secured creditor, when submitting a claim of a creditor, shall 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 property of the debtor registered in the Land Register or Ship Register, when submitting the claim of a creditor, shall state the value of the debtor’s property serving as a security (pledged) as on the date of proclamation of insolvency proceedings.

(6) Substantiating documents shall be appended to the submission. In exceptional cases when the number of substantiating documents significantly hinders the submission of a claim, the creditor, by agreeing with the administrator before submitting the claim, may not submit the derivatives of the substantiating documents, if the documents justifying 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 may not submit the derivatives of the substantiating documents 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 regarding undisputed enforcement of obligations or compulsory enforcement of obligations according to the warning procedures, the creditor shall append a true copy and other documents justifying 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 a 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 a 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 of 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 period for the submission of 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 performed 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 /* *Paragraph 3.1 shall come into force on 15 April 2019.* *See Paragraph 63 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 conform to 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 rectify 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 rectify the established deficiencies within 10 days from the day when the consignment is handed over to the postal merchant. If the creditor rectifies the deficiencies within this time period, it shall be considered that the claim of the creditor has been submitted within the time period specified. If the creditor does not rectify the deficiencies within the time period specified, the administrator shall take a decision on non-recognition of the claim of the creditor or the partial recognition within 10 days from expiry of the deadline given for rectifying the deficiencies.

[*25 September 2014* / *See Paragraph 34 of 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 on recognition, non-recognition, or partial recognition of 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 entering 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 property of the debtor 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 Court of Arbitration, 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 period for the submission of a complaint has expired, and the complaint has not been submitted;

2) the time period for the submission of a statement of claim for examination of a dispute regarding rights has expired, and the statement of claim has not been submitted;

3) the time period for the submission of a request for 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 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) A decision of the administrator not to recognise a claim of a creditor or to recognise it partly within three days after taking thereof shall 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 sending thereof. In case of any doubt the administrator must prove that the document has been sent.

(51) If it is impossible to send the decision of the administrator not to recognise a claim of a creditor or to recognise it partly 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 shall prove when the consignment was handed over to the postal merchant.

(6) The administrator shall take the decision on recognition, non-recognition, or partial recognition of the claim of a creditor within seven days after receipt of this claim. The administrator shall take the decision on recognition, non-recognition, or partial recognition of 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 deadline for the submission of the claims of creditors, the administrator shall take a decision on recognition, non-recognition, or partial recognition of 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 deadline for the application of the claims of creditors specified in Section 73 of this Law.

(9) After a court has examined a complaint regarding a 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 a 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 a debtor;

2) the applied claim of the creditor (amount and type);

3) the indication regarding 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 period 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 taking a decision 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 taking a decision 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 pledged property of a debtor, an amount of money received does not cover the claims of the secured creditors, after taking of the decision by the administrator the relevant creditors shall acquire the status of non-secured creditor for the part of the claim not covered.

(2) If a secured creditor has submitted his or her claim to the administrator within the time period 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 organise 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) 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 regarding 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 regarding imposing 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 period 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 deadline 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) Upon 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 append in addition only evidence which has not been at his or her disposal at the moment of 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 period for the submission of claims of creditors. Upon appealing the decision of the administrator the court may concurrently be asked to impose the temporary 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 deadline for the submission of 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 of the decision.

(3) A debtor’s representative is entitled, within three weeks after expiry of the deadline for the submission of 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 debtor’s representative is approved. Upon appealing the decision of the administrator the court may concurrently be asked to impose the temporary 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 deadline for the submission of claims of creditors, the debtor’s representative is entitled, within one month after the day of taking of the decision, to appeal to the court the decision of the administrator by which the claim arising from the transaction and not recognised by the debtor’s representative is approved.

(4) Complaints in relation to the recognition, non-recognition, or partial recognition of claims of creditors may be submitted to the court in which the respective insolvency proceedings have been proclaimed.

(5) The creditor or debtor’s representative may request that the court restores the procedural time period for the submission of a complaint, if it has not been possible to lodge the complaint within the time period specified in this Law due to the fault of the administrator.

[*31 May 2018 /* *See Paragraph 59 of Transitional Provisions*]

**Chapter XIV**

**Duty to Inform Creditors**

**Section 81. Duty 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 the debtor’s property;

2) the non-existence of property in the 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. Duty of Creditors to Address the Administrator**

If creditors have objections to the information referred to in Section 81 of this Law, they have a duty to inform the administrator accordingly within five days after receipt of this information, unless it is laid down otherwise in this Law.

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

**Section 83. Administrator’s Actions after Receipt of the Objections by Creditors**

Unless it is laid down otherwise by this Law, after receipt of the objections by 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 dispute the administrator’s actions in accordance with the procedures laid down in this Law;

3) to apply to the court with a claim 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 regarding 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 a Creditors Meeting**

(1) A creditors meeting is an organised form of creditor’s joint operations for the taking of 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 occurrence of the creditors meeting shall be determined by the administrator.

(22) In convening the creditors meeting, the administrator shall determine one of the following types of occurrence 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 regarding appointing 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 regarding 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 in 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 regarding 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 period 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 a decision to partially recognise a claim of a creditor, votes shall be granted to the creditor according to the amount of the recognised main claim.

(3) The number of votes in a creditors meeting shall be determined according to the amount of a creditor’s principal 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 a debtor in another Member State has submitted the claims of creditors in insolvency proceedings initiated against a 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 a 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 debtor’s representative,

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 a debtor in another European Union Member State;

g) the creditor in order to assess the validity of the costs of 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), 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, in the notification of a creditors meeting the administrator shall 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 the Creditors Meeting**

In the cases specified in this Law a creditors meeting shall take a decision on the following:

1) the remuneration of the administrator;

2) the proposal for the removal of the administrator;

3) the recognition of the costs of insolvency proceedings as valid;

4) the manner of selling the debtor's property (Section 115, Paragraph 2.1), or the extension of deadline for the sale thereof;

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 for the Removal of an Administrator**

(1) A decision on the proposal for the removal of an administrator may be taken if the administrator has not ensured efficient course of insolvency proceedings. A decision on the proposal for the removal of an 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 regarding the proposal for the removal of an administrator.

(3) [25 September 2014]

(4) A representative appointed by the creditors meeting shall submit to court the decision of a creditors meeting on the proposal for the removal of an administrator.

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

**Section 91. Complaints Regarding Decisions of the Creditors Meeting**

(1) The decision of a 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 the decision of a creditors meeting if this is illegal or in contradiction with the overall interests of the creditors. A complaint may be lodged within two weeks after the creditors meeting.

(3) The administrator may lodge a complaint regarding any decision of a creditors meeting. A complaint may be lodged within two weeks after the creditors meeting.

**Chapter XVI**

**Property of a Debtor and Its Administration**

**Section 92. Concept of the Property of a Debtor**

(1) Within the meaning of this Law, the property of a debtor is:

1) the immovable property and moveable property of a debtor, including funds;

2) funds acquired by alienating the property of a debtor;

3) the property recovered in accordance with Section 93 of this Law;

4) fruits that have been acquired from the property of the debtor 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 a debtor, the property indicated in Paragraph one of this Section shall be located in Latvia.

(3) Property which may not be recovered 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 addressed.

[*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 the property of the debtor during insolvency proceedings of a legal person on the basis of rights to claim against third persons;

2) has been recovered, recognising the 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 institutions of a legal person, based on the duty thereof to be liable for losses caused;

2) funds and property which has been acquired from the personally responsible members of a partnership, based on the duty thereof to be liable for the partnership’s obligations;

3) funds which have been acquired from participants (shareholders) and the members of other administrative institutions in the criminal insolvency proceedings of a legal person and in other cases provided for by law.

**Section 94. Property Belonging to Third Persons**

(1) The list of property of a debtor against which the claims of creditors are made shall not include property in the possession of or held by the debtor, belonging 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 duty to cover expenses which has 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 execution of obligations.

**Section 95. Management of the Property of a Debtor**

(1) After proclamation of insolvency proceedings of a debtor, the rights to manage the property of the debtor shall be acquired by the administrator.

(2) The administrator shall manage the property of the debtor, 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 during the course of managing the property of a debtor shall be deposited to a separate current account of the debtor.

**Chapter XVII**

**Appeal of Transactions**

**Section 96. Recognition of Transactions as Invalid**

(1) The administrator has the duty to evaluate the 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.

(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.

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

**Section 97. Appeal of Transactions Without Compensation**

(1) The administrator has an obligation to evaluate and bring an action to court regarding the transfer of the 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 transactions without compensation 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 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 regarding 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 period for the honouring of obligations, if other payment obligations have not been honoured for which the time period 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 period for honouring has entered into effect prior to the time period 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 regarding 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 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 discharge of a transaction also against the heirs of the transaction participants.

(2) The administrator has an obligation 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**

**Execution and Termination of Contracts**

**Section 101. Administrator’s Right to Choose**

(1) If the contract entered into by the debtor has not been executed or has been partially executed on the day of the proclamation of insolvency proceedings of a legal person, the administrator is entitled to request the execution from the other contracting party or to unilaterally withdraw from the contract. The administrator has the right to execute the contract if such action does not reduce the debtor’s assets.

(2) If the administrator unilaterally withdraws from the execution of the contract, the other contracting party has the right to submit his or her claim of a creditor.

(3) The continuation of the execution of contracts which have not been terminated in the cases provided for by law, and also the execution 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, assessing the interests of the policy-holder, shall 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.

**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 a 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 period 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 a debtor on the basis of Section 57, Paragraph one, Clause 7, 8, or 9 of this Law.

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

**Section 107. Transition to Legal Protection Proceedings**

(1) Legal protection proceedings shall be applicable to a 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 debtor’s representative;

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 co-ordinated 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 by the resources of the guarantee fund for employees’ claims 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 a 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 co-ordinated 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 the 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 rendered a ruling regarding 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 rendered a ruling regarding 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 a 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 the debtor’s property or a report on the non-existence of the debtor’s property.

(2) The sale of the debtor’s property takes place for the highest price possible in order to ensure the covering of the claims of creditors.

(3) The property of a debtor 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 non-pledged property of a debtor (with or without an auction).

(5) Funds which are connected to the sale of the 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 term for selling the non-pledged property of the debtor 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 deadline. If the creditors do not agree to extended term for selling the non-pledged property of the debtor, 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 it is impossible to sell the debtor’s property 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 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 Transitional Provisions*]

**Section 112. Report on the Non-Existence of a 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 fact of non-existence of the debtor’s property, indicating:

1) the debtor’s financial status;

2) an evaluation of the possibility of recovering 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 regarding the intent to recourse against the debtor’s board of directors in accordance with Section 72.1of this Law.

(2) The administrator shall send the report to all creditors on the non-existence of the debtor’s property without delay, after expiry of the time period 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 the 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 is sent on the non-existence of the debtor’s property, the administrator shall implement the proposal for the further solutions of the proceedings indicated in the report on the non-existence of the debtor’s property.

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

**Section 113. Plan for the Sale of a Debtor’s Property**

(1) The administrator shall include the following information in the plan for the sale of the debtor’s property:

1) a list of the non-pledged property of the debtor;

2) an evaluation of the non-pledged property of the debtor;

3) the estimated amount of funds which are planned to be acquired by selling the non-pledged property of a debtor, 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 of sale of the non-pledged property of a debtor (with or without an auction);

5) a list of the pledged property of the debtor;

6) an evaluation of the pledged property of the debtor;

7) the method of sale of the pledged property of a debtor co-ordinated with the secured creditor (with or without an auction);

8) the amount of funds planned to be acquired by selling the pledged property of a debtor;

9) information regarding 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 the debtor’s property;

13) information regarding the intent to recourse against the debtor’s board of directors in accordance with Section 72.1of this Law.

(2) The administrator shall send the plan for the sale of the debtor’s property to all creditors, the debtor’s representative, and the guarantor without delay, after expiry of the time period 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 of the plan for the sale of the debtor’s property the creditor and debtor’s representative have the right to submit to the administrator a proposal for selling of the debtor’s property as a whole. Each creditor has the right to object to the administrator’s proposal for the method of sale of the non-pledged property of the debtor, 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 the debtor’s property according to the method of sale proposed in the plan for the sale of the debtor’s property not sooner than two weeks after sending of the plan to the creditors, the debtor’s representative, and the guarantor, but not later than one week after the plan being considered as harmonised.

(6) If it is intended to sell the debtor’s property without auction in the plan for the sale of the debtor’s property and execution 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 execution proceedings accordingly.

(7) If the implementation of the plan for the sale of the debtor’s property is not possible, the administrator shall inform the creditors thereof without delay, sending an updated plan for the sale of the debtor’s property. The updated plan for the sale of the debtor’s property shall be harmonised 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 the 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 Transitional Provisions*]

**Section 114. Sale of the Debtor’s Establishment or Independent Part Thereof**

(1) When preparing a plan for the sale of the debtor’s property, the administrator shall assess a possibility of selling the debtor’s establishment or an independent part thereof.

(2) If the pledged property of the debtor 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 a 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 taking a decision to sell 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) A 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 a 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 the 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 the 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 the 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 the 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 the 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 the 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 a 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 draw up 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 for the debtor’s property for a time period starting from the day of declaration of insolvency proceedings until the last day of the month when a court ruling approving the auction of the debtor’s property has entered into effect, and the amount payable 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 insolvency proceedings matter 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 the 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 the 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 the 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*]

**Section 116. Sale of the Property of the Debtor Serving as Security (Pledged Property)**

(1) A secured creditor has the right to request the sale of the property of a debtor serving as security (pledged property) after expiry of the deadline specified in Section 63, Paragraph one, Clause 4 of this Law.

(2) The property of the debtor 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 the 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 property of a debtor 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 property of the debtor 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 due from the day of proclamation of insolvency proceedings up to the immovable property auction day.

(31) If the property of a debtor 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 the secured creditor requests the third auction, it shall be organised in accordance with the procedures laid down in Section 115, Paragraph 2.2of this Law. If the administrator fails to reach an agreement with the secured creditor on further handling of the property, including on selling 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 a 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 pledged property of a debtor, 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 pledged property of a debtor, 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 of this claim is covered first, followed by the interest and finally the penalties.

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

**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 the 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 time 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 periods 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 resources 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 legal relationships 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 legal relationships 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 legal relationships 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 period 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 Against Accidents and 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 State social insurance mandatory 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 period for 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 of the expenses 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.

(6) If there are insufficient debtor’s funds 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 basic 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 a 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 the 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* / *See Paragraph 67 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 regarding materialisation of the condition.

(2) The funds referred to in Paragraph one of this Section shall be kept not longer than for three years after selling 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 regarding 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 regarding the materialisation of the condition by the time period 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 the 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 regarding the implementation of the plan for settling the claims of creditors, the administrator shall submit an application to court for termination of insolvency proceedings of a legal person, appending the notification regarding 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 regarding 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 termination of insolvency proceedings of a legal person, appending thereto an updated notification regarding 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 regarding 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 the debtor’s property, and no objections are received from creditors, the administrator shall submit to court an application regarding termination of insolvency proceedings of a legal person 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 regarding 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 Register of Enterprises an application requesting to delete 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 legal proceedings of a legal person are terminated in connection with the completion of the debtor’s legal 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 Transitional Provisions*]

**Chapter XXII**

**Features of Insolvency Proceedings of Individual Merchants and Partnerships**

**Section 121. Rights of the Creditors whose Claims do not Arise from the Debtor’s Commercial Activities**

(1) Insolvency proceedings shall be implemented for an individual merchant in accordance with the provisions of insolvency proceedings of a legal person, unless it is laid down otherwise in this Chapter.

(2) If insolvency proceedings of a legal person are proclaimed for an individual merchant, the persons whose right to claim against the individual merchant have arisen apart from the commercial activities performed by the individual merchant also have the right of the creditors specified in this Chapter.

(3) If insolvency proceedings of a legal person are proclaimed for a partnership, the complementary creditors of the partnership also have the creditor’s rights specified in this Chapter.

(4) If the creditors referred to in Paragraphs one and two of this Section do not file their claims in conformity with the requirements of Section 73 of this Law, the provisions of Section 122 of this Law shall not apply thereto.

**Section 122. Limitation Period of the Right to Claim**

(1) After completion of insolvency proceedings of an individual merchant or 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, Paragraphs two and three of this Law shall also have the limitation period referred to in Paragraph one of this Section, if these creditors have submitted their claims to insolvency proceedings of an individual merchant or partnership.

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

**Section 123. Right to Use Insolvency Proceedings of a Natural Person**

(1) A natural person whose insolvency proceedings of a legal person have been terminated as for an individual merchant has the right to address the court with an application for insolvency proceedings of a natural person.

(2) The right referred to Paragraph one of this Section shall be enjoyed also by a natural person who has been a general partner in a partnership in respect of which insolvency proceedings of a legal person have been terminated, and also by a natural person who has been a founding member or a shareholder in an agricultural holding or a fishery in respect of which insolvency proceedings of a legal person have been terminated.

[*25 September 2014* / *See Paragraph 34 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 manufactured 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 manufactured or processed agricultural products. This time period shall 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 comply with 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 complying with 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 comply with 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 Chapter – 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) Insolvency proceedings of a natural person shall not be applicable to individual merchants.

**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 selling 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 of extinguishing obligations, the debtor’s income are shifted for settling the claims of creditors and after expiry of the time period 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 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 of settling 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.

(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 salaries into an account specially created by the Insolvency Control Service.

(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 with 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.

(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*]

**Section 130. Restrictions on the Application of Insolvency Proceedings of a Natural Person**

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 has spent the granted loan for purposes other than those stated in the agreement and a ruling of the competent authority has entered into effect in criminal proceedings;

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.

[*25 September 2014; 31 May 2018; 15 June 2021 /* *Clause 6 shall come into force on 1 January 2022.* *See Paragraph 71 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 a 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.

(2) Such person shall also be considered as an interested person in relation to a 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 matter of insolvency proceedings of a natural person.

**Section 132. Publicity of the Matter of Insolvency Proceedings of a Natural Person**

(1) The responsible authority shall enter the following information in the Insolvency Register regarding a matter of insolvency proceedings of a natural person:

1) the debtor’s given name, surname, and personal identity number;

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 period 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;

9) the time period 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 may be published in the Insolvency Register during insolvency proceedings of a natural person, and also one year after the day of making an entry regarding termination of insolvency proceedings of a natural person.

(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*]

**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.

(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*]

**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 execution proceedings in the matters on the recovery of the amounts adjudged but not recovered is suspended, and in matters 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 lawful increase in interest, the increase in the penalty (including the penalty increment expressed in per cent), the increase in the late payment charges ceases. The calculation of late payment charges which are specified as interest payments for missing the deadline for the payment of taxes, duties and penalties, are 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 term for execution has taken effect after the day of the proclamation of insolvency proceedings of a natural person shall be considered to be those whose term for execution 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* / *See Paragraph 34 of Transitional Provisions*]

**Section 135. Appointing of an Administrator to Insolvency Proceedings of a Natural Person**

Section 59, Paragraphs one and four of this Law shall be applied to the appointing of an administrator to insolvency proceedings of a natural person.

**Section 136. Restrictions on the Debtor’s and Creditor’s Actions in Insolvency Proceedings of a Natural Person**

(1) After proclamation of insolvency proceedings of a natural person a 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 the Bankruptcy Procedure**

**Section 137. Administrator’s Activities During the 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) study the debtor’s property and obligations;

4) request and receive information from the debtor, and also from State authorities and credit institutions necessary in order to study the 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 the 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 acquiring 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 the debtor’s property;

9) recover the debts of debtors and perform legal activities for the recovery of other property of the debtor;

10) organise the sale of the 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 October 2010; 25 September 2014; 1 January 2015 /* *See Paragraph 34 of Transitional Provisions*]

**Section 138. Administrator’s Rights During the Bankruptcy Procedure**

Within the scope of the bankruptcy procedure the administrator, in addition to the general administrator’s rights specified in this Law, has the following rights:

1) to alienate the property of the debtor in 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 the property of the debtor or the sources of financing insolvency proceedings of other natural persons.

**Section 139. Obligations of a Debtor During the Bankruptcy Procedure**

A 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 the 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.

[*31 May 2018; 21 November 2019*]

**Section 141. Claims of Creditors and the 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 term 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 period not exceeding six months from the day when the entry has been made in the Insolvency Register regarding the proclamation of insolvency proceedings of the debtor, however, not later than until the day when the final list of the bankruptcy procedure expenses has been drawn up in accordance with the procedures laid down in this Law.

(11) After the term 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 debtor’s claims of creditors in accordance with the procedures laid down in Chapter XIII of this Law.

(21) The administrator shall, without delay, send a notification regarding 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 regarding 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 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 regarding 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 information is at the disposal of the creditors regarding the restrictions referred to in Sections 130 and 153 of this Law.

(2) The administrator’s decision not to submit an application to a court regarding termination of the 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 where the matter of insolvency proceedings of a natural person has been initiated.

[*14 October 2010; 25 September 2014; 1 January 2015 /* *See Paragraph 34 of Transitional Provisions*]

**Section 143. Debtor’s Property**

(1) The provisions contained in Chapter XVI of this Law shall be applicable to the debtor’s property and the procedures for the management thereof, unless it is laid down otherwise in this Law.

(2) The 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 the 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 the 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 for extinguishing obligations specified in Section 153 of this Law are established.

**Section 145. Sale of the Debtor’s Property During the Bankruptcy Procedure**

(1) The administrator shall ensure the sale of the 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 the Debtor’s Property in Insolvency Proceedings of a Natural Person**

(1) For the sale of the debtor’s property the administrator shall draw up a plan for the sale of the 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 the debtor’s property to the 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 the debtor’s property is 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 of the Claims of Creditors**

(1) After implementation of the plan for the sale of the 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 the 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.

(4) The claims of the non-secured creditors are amalgamated into one group without priority. After making of the payments referred to in Paragraphs two and three of this Section, the claims of the non-secured creditors are settled in proportion to the amount of the basic debt of each creditor. From the debtor’s funds remaining after settling the claims of the non-secured creditors in the amount of the basic debt, the ancillary claims of the non-secured creditors are settled (in proportion to the amount due to each creditor).

(5) The debtor’s funds remaining after settling the costs of insolvency proceedings referred to in this Section and the settling of the claims of creditors are transferred to the debtor.

(6) [19 February 2015]

[*25 September 2014; 19 February 2015 /* *See Paragraph 34 of Transitional Provisions*]

**Section 148. Agreement on Keeping the Debtor’s Dwelling in the Debtor’s Ownership**

(1) A secured creditor and 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 are made to the secured creditor during insolvency proceedings of a natural person which shall not exceed the amount which would be payable to the debtor, when hiring the debtor’s property serving as security 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 co-ordinated 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, during the procedure for extinguishing obligations, shall 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 in a dwelling with a cadastral value not exceeding EUR 142 287 euro debtor’s dependants are living with him or her and the dwelling is the declared place of residence of the debtor’s dependants who are living together with him or her, there is a possibility to postpone the selling of this dwelling in an auction for a time period of up to one year from the proclamation date of insolvency proceedings of a natural person, to enable the debtor to find another dwelling. This possibility should be provided for in the plan for selling the property of the natural person.

(7) Within the meaning of this Law, a dwelling is a property in the ownership of the debtor which he or she has declared as the place of residence in the six months preceding the day when an 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 the Bankruptcy Procedure**

(1) The administrator shall send the report on the completion of the bankruptcy procedure to the creditors and debtor not later than 15 days after completion of the sale and recovery of the debtor’s property (Section 144). The administrator shall also send the report on the completion of the 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 debtor.

(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 the bankruptcy procedure.

(3) When sending the creditors a report on the completion of the 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 and recommendations regarding completion of the bankruptcy procedure thereto.

(5) The administrator, having evaluated the proposals and objections submitted, shall 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 approval of the completion of the bankruptcy procedure.

(6) Not earlier than three weeks and not later than one month after the report on the completion of the bankruptcy procedure has been sent to the debtor and creditors, the administrator shall submit to court an application regarding approval of the completion of the bankruptcy procedure.

(7) The administrator, when submitting to court an application regarding approval of the completion of the bankruptcy procedure, shall concurrently request termination of insolvency proceedings of a natural person, if restrictions on the application of the procedure for extinguishing obligations are determined for the debtor (Section 153).

[*14 October 2010*]

**Section 150. Termination of the Bankruptcy Procedure**

(1) The court shall terminate the bankruptcy procedure concurrently terminating insolvency proceedings of a natural person, if restrictions on the application of insolvency proceedings of a natural person are determined (Section 130).

(2) The administrator shall submit an application regarding 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 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 regarding 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 regarding termination of the bankruptcy procedure shall be submitted by the administrator.

[*25 September 2014; 19 February 2015 /* *See Paragraph 34 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 matters regarding the recovery of the amounts adjudged but not recovered and the matters 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 a 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**

The procedure for extinguishing obligations shall not be applied or shall be suspended in the following cases:

1) 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;

2) the debtor has deliberately provided false information regarding 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.

[*25 September 2014* / *See Paragraph 34 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 the debtor’s monthly income;

4) the estimated amount of the debtor’s monthly income in order to cover the debtor’s maintenance costs;

5) the amount of the debtor’s income necessary for the hire of 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 the 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 extinguishing of obligations procedure.

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

**Section 155. Time Period for the Plan for Extinguishing Obligations of a Natural Person**

(1) The time period for implementation of the plan for extinguishing obligations of a natural person shall be determined, 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 the debtor’s income after payment of taxes shall be directed towards settling the claims of creditors.

(2) 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 50 per cent of the total obligations remaining after completion of the bankruptcy procedure, the time period 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 for reasons out of his or her control to cover the amount of the obligations specified in Paragraph two of this Section, the time period 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 the 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 salary before tax payment will be directed towards settling the claims of creditors. In the plan for extinguishing obligations of a natural person, the following term 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.

(5) Only the basic 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.

[*25 September 2014; 19 February 2015; 31 May 2018; 15 June 2021 /* *See Paragraph 73 of Transitional Provisions*]

**Section 156. Right of Creditors to Provide an Opinion and Proposals Regarding 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) The 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 a 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 period 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 organising 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 possessed or held by 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 the 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**

A 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 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 the 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 by half by the court decision once during the period of the procedure for extinguishing obligations, for a time period not exceeding one year, if he or she is unable to find paid work or has become incapable for work during the period of extinguishing obligations.

**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 a debtor has performed the activities specified in the plan for extinguishing obligations, at the end of the plan being in effect the remaining obligations of this person indicated in the abovementioned plan are extinguished and execution proceedings for the recovery of the extinguished obligations are terminated.

(2) A debtor is not released from the remaining obligations indicated in the plan for extinguishing obligations of a natural person, if he or she has not performed the activities specified in this plan.

(3) The decision to release the debtor from the remaining obligations which are indicated in the plan for extinguishing obligations of a natural person shall be taken by court, when completing the procedure for extinguishing obligations.

(4) After completion of the procedure for extinguishing obligations, the following is not 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. Execution proceedings for the recovery of the abovementioned obligations are restored in the amount of the remaining debt;

4) claims for the penalties applied in the administrative offence proceedings and punishments laid down in the Criminal Law, and also indemnification for the damage.

(5) The extinguishing of obligations in respect of the agreement specified in Section 148 of this Law regarding keeping the debtor’s dwelling in his or her ownership shall be determined in accordance with the abovementioned agreement.

[*25 September 2014; 5 December 2019 /* *Amendments to Paragraph four, Clause 4 regarding the replacement of the words “the sanctions provided for in the Latvian Administrative Violations Code” with the words “the penalties applied in the administrative offence proceedings and punishments laid down in” shall come into force on 1 July 2020.* *See Paragraph 70 of Transitional Provisions*]

**Section 165. Procedures for Terminating the Procedure for Extinguishing Obligations**

(1) The debtor shall submit to court an application regarding 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 regarding termination of the procedure for extinguishing obligations if:

1) restrictions for applying the procedure for extinguishing obligations (Section 153) are determined;

2) [25 September 2014].

(3) The creditor shall submit to court an application regarding 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 for applying the procedure for extinguishing obligations (Section 153) are determined.

(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 execution proceedings of the judgment are restored.

[*25 September 2014* / *See Paragraph 34 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 majority of the 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 the remuneration of the supervisory person of legal protection proceedings and the procedures for covering it in legal protection proceedings or extrajudicial legal protection proceedings, and indicate this information in the plan of measures of legal protection proceedings.

(2) The majority of the creditors specified in Section 42, Paragraph three of this Law that has supported the plan of measures of legal protection proceedings shall pay the remuneration of the supervisory person of legal protection proceedings for the fulfilment of obligations in legal protection proceedings or extrajudicial legal protection proceedings in proportion to the amount of the claim of each creditor, unless the creditors have agreed otherwise.

(3) Paragraphs one and two of this Section shall not be applicable to the tax administration.

[*22 December 2016*]

**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 for 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 duty payments;

3) the salaries 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 it is impossible to cover the costs of insolvency proceedings of a legal person and insolvency proceedings of a legal person are terminated in accordance with Section 119, Paragraph four of this Law, the costs of 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 insolvency proceedings of a legal person from which he or she shall cover the expenses and remuneration of insolvency proceedings of a legal person. If the deposit for insolvency proceedings of a legal person has not been lodged fully or partly (Section 62, Paragraph 7.1), the costs of insolvency proceedings of a legal person are covered from resources of the employee claim guarantee fund.

(3) If it is impossible to cover the costs of insolvency proceedings of a legal person from the 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 conforms to the creditors’ interests.

(4) If property is sold or recovered in insolvency proceedings of a legal person, then the property granted to the persons referred to in Paragraph three of this Section for financing the costs of insolvency proceedings of a legal person 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 to the persons referred to in Paragraph three of this Section in the first place.

(5) If property is recovered in insolvency proceedings of a legal person which has been acquired from the persons referred to in Sections 166, 167, 168, and 169 of The Commercial Law, based on the obligation thereof to be responsible 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 has arisen in connection with raising this claim shall be comparable to the costs of insolvency proceedings and be 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 an Administrator in Insolvency Proceedings of a Legal Person**

(1) The administrator shall receive remuneration from the debtor’s property for performing the administrator’s duties 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 appointing until drawing up of the plan for the sale of the debtor’s property (Section 113) or the report on 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 drawing up of the plan for the sale of the debtor’s property or the report on non-existence of the debtor’s property;

11) in the amount of two minimum monthly salaries 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 complies with the following criteria according to data of the last financial year ended:

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 intended for paying 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 covering thereof;

3) if after drawing up of a report on 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 covering thereof;

4) if economic activity is continued during insolvency proceedings of a legal person – one per cent of the net turnover but not exceeding the amount of two minimum monthly salaries per month. After compilation of the Register of 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 pledged property of a debtor, 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 exceeding EUR 4268 payable to the creditor;

3) from EUR 14 228 to EUR 142 287 – EUR 1636.20 plus 5 per cent of the amount exceeding EUR 14 228 payable to the creditor;

4) from EUR 142 287 to EUR 711 435 – EUR 8039.15 plus 3 per cent of the amount exceeding EUR 142 287 payable to the creditor;

5) from EUR 711 435 to EUR 1 422 871 – EUR 25 113.59 plus 2 per cent of the amount exceeding EUR 711 435 payable to the creditor;

6) if the amount recovered exceeds EUR 1 422 871 – EUR 39 342.29 plus 1 per cent of the amount exceeding EUR 1 422 871 payable to the creditor.

(4) In cases when an auction of 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 salary from the moment of appointing of the administrator. In such case the administrator’s remuneration shall be paid by the creditors who have voted for the proposal for his or her revoking, 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 are added to remuneration for the performance of administrator’s obligations in insolvency proceedings of a legal person, if the administrator is registered with 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 with the State Revenue Service Value Added Tax Taxable Persons Register, and also the costs 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) Costs 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 of 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 five per cent of the appraisal of the property if the plan for the sale of 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) business travel expenses which are calculated in accordance with the laws and regulations regarding expenses related to business travels and business trips;

6) expenses for continuing the implementation of contracts which have not been terminated in the cases specified in the law, and also for implementation 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 duty payments for the time 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 Board members 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 in accordance with Section 65, Clause 12 and Section 67, Clause 14 of this Law has requested termination of the enforcement proceedings of the judgment.

[*31 May 2018; 15 June 2021*]

**Chapter XXX**

**Costs for Ensuring Lawful and Effective Course of Insolvency Proceedings of a Natural Person**

**Section 171. Remuneration of an 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 of obligations has been declared:

a) for the time period from the day of appointing 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 time period from the day of declaration of the procedure for extinguishing of 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 of obligations, or for the time period from the day of appointing, if the administrator has been appointed after declaration of the procedure for extinguishing of obligations, until termination of the procedure for extinguishing of obligations – half of the amount of the deposit referred to in Section 129, Paragraph two of this Law;

2) for the time period from the day of appointing until completion or termination of the bankruptcy procedure, unless the procedure for extinguishing of 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 receive remuneration for recovering and selling the property within the scope of the bankruptcy procedure, 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 is added to remuneration for the performance of administrator’s obligations in insolvency proceedings of a natural person if the administrator is registered with 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 with 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 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 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 duty 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 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 implementation of the competence of the Insolvency Control Service:

1) the part of the State entrepreneurial risk fee;

2) subsidies from general revenue of the State budget;

3) revenue from 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 174.1 Tasks 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) perform the supervision of 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 specified 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 perform supervision of the supervisory person of legal protection proceedings and examine complaints regarding actions thereof;

12) establish, 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 2018 /* *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 174.2 Rights 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 from the supervisory person of legal protection proceedings or the administrator and to receive from him or her 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) impose legal obligations on the administrator;

8) to submit an application to a court for removal of the supervisory person of legal protection proceedings from the relevant legal protection proceedings or for 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 from the supervisory person of legal protection proceedings or the administrator and to receive written or oral explanations from him or her;

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 regarding the administrator and the person who wishes to take the office of an administrator and to hand it over to the Examination Commission;

13) to request and receive information regarding the supervisory person of legal protection proceedings, the administrator, and the person who wishes to take the office of an 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) Upon commencing the procedural actions specified in Section 174.2, Paragraph one, Clause 9 of this Law, an 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*]

**Section 174.3 Minutes of a Procedural Action**

(1) 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 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 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 period 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 referred to in Section 118.1of 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 execution 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*]

**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) Upon 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 it is impossible to conform to the time period referred to in Paragraph five of this Section due to objective reasons, the Insolvency Control Service may extend it, but not longer than by 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 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 failure to fulfil the obligation to submit an application for insolvency proceedings of a legal 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 applied to a natural person or a board member, with or without deprivation of the natural person and board member’s right to hold specific positions in commercial companies for a time period from one month to five years.

[*5 December 2019 /* *Section shall come into force on 1 July 2020.* *See Paragraph 70 of Transitional Provisions*]

**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 an 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 applied, with or without deprivation of the right to hold specific positions in commercial companies for a time period from one month to five years.

[*5 December 2019 /* *Section shall come into force on 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 on 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 granted 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 time 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 termination of the 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 termination of the 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 period the creditors have the right to notify also regarding 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 successful continuation of the studies. If the administrator has not commenced studies at an higher education institution within the time period specified in the third sentence of this Paragraph or, when applying for re-certification, has not submitted a statement on successful continuation of the studies, his or her certificate shall be recognised as valid within the time period indicated therein and this administrator shall not be re-certified.

[*Amended by the Constitutional Court decision 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 time 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 time 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 granted 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 the property of the debtor 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 matters 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 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 in respect of 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 in respect of termination of the insolvency proceedings matter 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 a 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 on 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 in respect of revoking the administrator from performing his or her duties in the respective insolvency proceedings, except for the cases when:

1) insolvency proceedings cannot be terminated due to initiated civil proceedings or administrative matters;

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 in respect of revoking the administrator from performing his or her duties in the respective insolvency proceedings and requesting termination of insolvency proceedings.

[*25 September 2014*]

28. If the court revokes the administrator from performing his or her duties 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 has revoked the administrator from performing 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 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 a 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 duties 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 with 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 are included in the wording of the Law as on 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 taking of the 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 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 taking of the 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 taking of the qualification examination and appointing of the administrator to the office came into force. Until issuing of the office certificate information regarding a certificate of the administrator shall be entered in the columns of the Insolvency Register which are intended for the information regarding the office certificate.

[*22 December 2016*]

38. Starting from the day when amendments regarding taking of the qualification examination and appointing of the administrator to the office come into force, the Insolvency Administration shall carry out the task of the Association of Administrators to take a 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 appointing of the administrator to the office came into force. Upon taking a 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. A 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 period 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 immediately provide the responsible institution which maintains the Insolvency Register with the information that is necessary for updating the information regarding administrators included in this Register, and in cases where, in accordance with Paragraph 38 of these Transitional Provisions, the administrator loses the right to fulfil the obligations of the administrator, shall take measures for suspension thereof from all insolvency proceedings to 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 action 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 action 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 execution 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 expiry of the time period indicated therein. A candidate for the office of an administrator the period of validity of whose certification of the attendance of the training course issued by the Association of Administrators expires during the time period from the day when amendments regarding taking of the 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 period 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 which provide for the competence of the Insolvency Administration to conduct the activities 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 specify the competence of the Insolvency Control Service to establish, maintain, and develop the System, perform electronic processing of documents, and ensure 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 specifies the operation of the System shall come into force on 1 July 2018.

[*22 December 2016*]

52. Section 12.2 of this Law which specifies 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 regarding continuation of the studies issued by the higher education institution. If the administrator who corresponds to the criteria specified in Paragraph 7 of these Transitional Provisions has failed to submit a statement regarding continuation of the 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 the supplementation thereof with Paragraph 1.1 in relation to the obligation to lodge a deposit for insolvency proceedings of a legal person if an application for legal protection proceedings is re-submitted within a year shall be applicable 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 a 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 thereof with Clauses 1.1 and 4 and to Section 171, Paragraph one with regard to the remuneration of the administrator if the debtor – legal person –, according to data of the last financial year ended, has employed more than 250 employees and the annual turnover thereof has exceeded EUR 50 million or the annual balance-sheet total thereof has exceeded EUR 43 million and economic activity is continued during insolvency proceedings of the debtor, and also with regard to the disbursement of the deposit within the framework of insolvency proceedings of a natural person shall be applicable to the cases of insolvency proceedings of a legal person and 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 the supplementation thereof with Paragraph five, to Section 26 regarding the supplementation thereof with Paragraph 2.1, to Section 26 regarding the supplementation of Paragraph three thereof with Clause 10, to Section 28 regarding the new wording of Paragraph two thereof which determine an obligation of the supervisory person of legal protection proceedings and the administrator to use the System, including an obligation of the administrator to submit authorisation to the Insolvency Control Service through 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 the supplementation thereof with Clause 7, to Section 73 regarding the supplementation thereof with Paragraph 3.1, to Section 81 regarding the supplementation thereof with Paragraph four, and to Section 140 regarding the supplementation thereof with Clause 3 which determine the right of the creditor and the representative thereof, the debtor’s representative, the debtor in insolvency proceedings of a natural person or the representative thereof to use the System, shall come into force on 15 April 2019 and shall be applicable 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 the supplementation thereof with Paragraph 1.1 and the new wording of Paragraph two, and also amendments to Section 59 of this Law regarding the new wording thereof which determine automated selection of a candidate for the office of the administrator for the appointing to insolvency proceedings from the List of Candidates shall come into force on 1 January 2019. The Cabinet shall, by 1 December 2018, issue a regulation 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 Judicial Informative System.

[*31 May 2018*]

65. Amendments to Section 62 of this Law regarding the deletion of Paragraph 7.3 thereof which stipulates the delegation of the Cabinet to determine what part of the State entrepreneurial risk fee should be directed towards covering of costs of 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 determines that the information included in the System is restricted access information shall also be applicable to the information which is 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 160, Clause 1 of this Law regarding the amount of income to be directed for the settling of 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 an 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 duties of the administrator on the basis of the office certificate issued.

[*2 September 2021*]

76. Administrators who have been appointed to the office of an 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 time period from 1 April 2022 to 31 December 2023shall take the next qualification examination not later than in October 2024 but until then they shall continue to fulfil the duties 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. An administrator may request the Director of the Insolvency Control Service to extend once the time period 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 period for 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 an 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 renew official activities of the administrator. If the decision in accordance with Paragraph 78 of these Transitional Provisions has been taken to extend the time period for taking the qualification examination until the next nearest time the qualification examination is organised after expiry of the time period for suspension of official activities of the administrator or the suspension thereof from the office, official activities of the administrator shall be renewed 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, in 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 an administrator has attended from the beginning of the last qualifying period until the day when the provisions of this Law regarding 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*]

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