

## Insolvency Laws:

# How Countries Have Revamped Their Insolvency and Restructuring Laws

August 2022



# Belgium



As a result of the impact of COVID-19, Belgium has introduced changes to its judicial reorganisation (Chapter 11) regime to facilitate the reorganisation of impacted businesses.

<b>"Pre-pack" Reorganisation</b>	<p>The law of 21 March 2021 modified the procedures of judicial reorganisation, making the process more accessible to companies in difficulty, including SME's.</p> <p>This new Belgian judicial reorganisation regime also introduces new rules aimed at facilitating an amicable agreement with creditors prior to a judicial reorganisation procedure. Upon a request by the business, the insolvency court will appoint a court officer to oversee discussions with some or all of the business's creditors.</p> <p>The "pre-pack" procedure does not automatically result in any stay of execution but this can be granted by the insolvency court at the request of the appointed court officer overseeing the "pre-pack". If the amicable agreement is accepted by the relevant creditors, a formal reorganisation procedure is then started (shorter deadlines apply) in view of the homologation of the agreement.</p> <p>The temporary measures have been extended until 31 March 2023.</p> <p>This date corresponds to the date of entry into force of the Belgian legislation implementing Directive (EU) 2019/1023 of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt.</p>
<b>Facilitation of Access to Judicial Reorganisation Procedures</b>	<p>The new rules also aim to facilitate access to the judicial reorganisation procedure by amending the rules in relation to the documents and information to be provided by the relevant business in view of the opening of judicial reorganisation proceedings.</p> <p>The new rules grant the business new extended deadlines to provide the required documents and information to the insolvency court and/or allow the business to explain why the information/documents are not available. The insolvency court may therefore now open judicial reorganisation proceedings even where all required information and documents have not been provided.</p>
<b>Extension of the duration of business investigations</b>	<p>When a company is facing financial difficulties, the chamber for enterprises in difficulties, which is part of the commercial court, can initiate an investigation.</p> <p>The objective is to be able to intervene as soon as possible when things threaten to go wrong.</p> <p>The law extends the duration of the business investigation from:</p> <ul style="list-style-type: none"><li>• four to eight months (with a possibility of extension to ten months) where a judge-reporter has been appointed, and;</li><li>• from eight to eighteen months where the investigation is conducted by the chamber for enterprises in difficulty itself.</li></ul>

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