

Early restructuring and a second chance for entrepreneurs

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Belgium

Country fact sheet

Every year in the EU, 200 000 firms go bankrupt, resulting in over 1.7 million people losing their jobs.

A well-functioning insolvency framework is essential to support growth and business creation. That is why the European Commission is putting forward modern and streamlined insolvency rules that will facilitate restructuring, give businesses a second chance and improve the efficiency of restructuring, insolvency and debt discharge procedures.

The proposed approach is expected to:

- ✓ Cut down the number of jobs lost due to bankruptcy;
- √ Bring more legal certainty for cross-border investors;
- √ Turn bad debt into performing credit to facilitate lending;
- ✓ Allow entrepreneurs to restart business activities, to keep innovation going and create an additional three million jobs across the EU.

What is the situation currently in Belgium? (1)

Effectiveness of insolvency proceedings

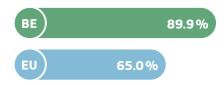


Belgium ranks 5th among EU Member States when it comes to the effectiveness of its insolvency proceedings.

Average length of insolvency proceedings (years)



Recovery rate for secured creditors following insolvency proceedings



- The most likely outcome for debtors in financial difficulty in Belgium is restructuring.
- (1) All figures are according to the World Bank report, *Doing Business 2017: Equal Opportunity for All*: http://www.doingbusiness.org/%7E/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB17-Report.pdf.

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What will the new rules improve?

The situati	on today in Belgium (²)	With the new rules
proceedings	ening of restructuring , all creditors are prevented from eir claims until the end of the	✓ Viable companies in financial difficulties can have access to a time-limited "breathing space" of no more than 4 months from enforcement actions, renewable until a maximum duration of 12 months under strict conditions. This will not only facilitate negotiations, but also provide further predictability and legal certainty for creditors.
	ninorities of creditors can unfairly restructuring process (hold-out).	✓ Dissenting classes of creditors and shareholders can be outvoted under strict conditions in order not to jeopardise restructuring, while safeguarding their legitimate interests.