



European
Commission

Early restructuring and a second chance for entrepreneurs

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Greece

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 Greece? ⁽¹⁾

Effectiveness of insolvency proceedings

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Greece ranks 23th among EU Member States when it comes to the effectiveness of its insolvency proceedings.

Average length of insolvency proceedings (years)

EL

3.5

EU

2.0

Recovery rate for secured creditors following insolvency proceedings

EL

35.6%

EU

65.0%

► The most likely outcome for debtors in financial difficulty in Greece is **liquidation**.

⁽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>.

What will the new rules improve?

| The situation today in Greece ⁽²⁾ | With the new rules |
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| Insolvency proceedings are in general very long and there is still room to improve their efficiency. | ✓ Specialised practitioners and judges as well as the use of electronic means of communication will in general improve the efficiency of insolvency procedures and reduce their cost and length. |
| Creditors with different interests are not divided in separate classes. | ✓ As a minimum, there will be classes of secured and unsecured creditors in order to ensure that creditors with similar rights are treated equitably and that restructuring plans can be adopted without unfairly prejudicing the rights of affected parties. Rules on enterprise valuation can ensure fair protection for dissenting parties. These can provide more predictability for creditors. |
| Restructuring efforts can be jeopardised, because dissenting minorities of creditors can unfairly obstruct the restructuring process (e.g. requirement of a certain percentage of secured creditors to agree on the plan). | ✓ Dissenting classes of creditors and shareholders can be outvoted under strict conditions in order not to jeopardise restructuring, while safeguarding their legitimate interests (cross-class cram-down). |

⁽²⁾ Information on current framework according to the Member States' responses on the implementation of the 2014 Commission Recommendation, an INSOL Europe Study of January 2014 and a comparative legal study carried out by the University of Leeds of January 2016.