

## Reform of Russian bankruptcy legislation



### Russian version

On 29 May 2024 the following key amendments to the Federal Law “On Insolvency (Bankruptcy)” (hereinafter the “**Bankruptcy Law**”) and to the Code of Commercial Procedure of the Russian Federation (hereinafter the “**Russian Code of Commercial Procedure**”) entered into legal force:

#### **The threshold for commencing a bankruptcy case has been raised**

Previously, the minimum amount of monetary claims of a creditor required to instigate bankruptcy proceedings in respect of a corporate debtor equalled RUB 300,000.

In the new version of the Bankruptcy Law the minimum threshold has been increased **to RUB 2 million**.

## **Written court proceedings to be conducted for certain issues instead of an oral hearing**

The new version of the Bankruptcy Law cancels the obligation of a court to hold court proceedings and summon the parties when considering:

- the petitions of creditors on including their claims in the creditor claims' register;
- motions on extending the external administration procedure and receivership;
- motions on demanding the documentation and valuables of the debtor;
- petitions on allocating court costs and costs on the payment of the fee to the court-appointed bankruptcy manager.

A judge is entitled to resolve the indicated issues at their sole discretion without holding a court session. In exceptional instances a commercial court may schedule a court session on its own initiative or further to a motion of the parties, summoning the parties.

## **Procedure for contesting a decision which served as the basis for a claim filed by a creditor against the debtor**

If the claim of a scheduled creditor filed for inclusion in the register was based on the decision of a court or ruling on the enforcement of the award of an arbitration tribunal which has entered into force, the court-appointed arbitration manager or other creditors are entitled to file a claim with a commercial court on overturning the court order according to the rules for the review of a decision due to newly discovered facts.

Previously Clause 24 of Judgment No. 35 of the Plenary Session of the Supreme Commercial Court of the Russian Federation dated 22 June 2012 "On Certain Procedural Issues related to the Consideration of Bankruptcy Cases" and Clause 17 of the Overview of Judicial Practice of the Supreme Court of the Russian Federation, No. 2 (2018) which was approved on 4 July 2018, had established the similar right of the parties in a bankruptcy case. However, they stipulated the mechanism of filing an appeal and not a petition for the review of court orders due to newly discovered facts.

## **Procedure and timeframes for appealing against rulings**

Previously, the Bankruptcy Law and the Russian Code of Commercial Procedure had established different timeframes for appealing against certain types of ruling of a commercial court during a bankruptcy proceeding: 10 days, 14 days, one month.

The existing version of the Bankruptcy Law establishes a **uniform monthly timeframe** for appealing against rulings in a court of appeal.

It also establishes that a cassation appeal may be filed against the judgments of the commercial courts of appeal **within a month** of the date of their entry into legal force. An exception to this rule concerns the following judgments of the courts of appeal which are final and are not subject to a cassation appeal:

- on scheduling an expert examination or on refusing to schedule such an examination;
- on compelling a party to place funds on the court's deposit account in an amount that is sufficient to settle expenses in a bankruptcy case;
- on transferring funds from the deposit account of a court.

Kind regards,

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