Issuer:	Riigikogu
Type:	act
In force from:	11.03.2023
In force until:	In force
Translation published:	23.03.2023

Reorganisation Act[1]

Passed 04.12.2008
RT I 2008, 53, 296
Entry into force 26.12.2008

Amended by the following acts

Passed	Published	Entry into force
17.12.2009	RT I 2010, 2, 3	22.01.2010
04.04.2012	RT I, 25.04.2012, 1	01.06.2012
05.12.2012	RT I, 21.12.2012, 1	01.03.2013
21.01.2014	RT I, 31.01.2014, 6	01.02.2014, in part 01.04.2014 and 01.07.2014
16.04.2014	RT I, 09.05.2014, 2	19.05.2014
19.06.2014	RT I, 29.06.2014, 109	01.07.2014, the titles of ministers substituted on the basis of subsection 4 of § 107³ of the Government of the Republic Act.
07.06.2017	RT I, 26.06.2017, 1	06.07.2017
16.12.2020	RT I, 04.01.2021, 4	05.01.2021
01.06.2022	RT I, 20.06.2022, 1	01.07.2022
08.02.2023	RT I, 01.03.2023, 3	11.03.2023

Chapter 1
GENERAL PROVISIONS

§ 1. Purpose of Act

This Act regulates the reorganisation proceedings of undertakings the aim of which is to take account of the interests and protect the rights of undertakings, obligees and third parties in the course of reorganisation of the undertakings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 2. Reorganisation of undertaking

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
The reorganisation of an undertaking means the application of a set of measures on the basis of a reorganisation plan in order for an undertaking to overcome economic difficulties, to restore its liquidity, improve its profitability and ensure its sustainable management. The reorganisation of an undertaking does not restrict other possibilities for an undertaking to avoid insolvency.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 3. Scope of application of Act

(1) Reorganisation is applied only with regard to legal persons in private law.

(2) For the purposes of this Act, legal persons in private law who are not undertakings within the meaning of the Commercial Code are also undertakings.

(3) This Act does not apply to the following persons:

1) insurance undertakings and reinsurance undertakings as defined in Articles 13(1) and (4) of Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1–155);
2) credit institutions as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1–337);
3) investment firms and collective investment undertakings as defined in points (2) and (7) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council;
4) central counterparties as defined in Article 2(1) of Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1–59);
5) central securities depositories as defined in point 1(1) of Article 2 of Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1–72);
6) other financial institutions and companies as listed in the first subparagraph of Article 1(1) of Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190–348);
7) payment institutions;
8) e-money institutions;
9) management companies;
10) operators of payment and securities settlement systems.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 4. Application of Code of Civil Procedure and specifications concerning publication and sending of notices and serving of procedural documents

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) The provisions of the Code of Civil Procedure concerning the action-by-petition procedure apply to reorganisation proceedings unless otherwise provided by this Act.

(2) If this Act prescribes publication of a notice, the notice must be published in the official publication *Ametlikud Teadaanded*.

(3) A court may publish a notice several times. The date of publication of the first notice is indicated in the repeated notice.

(4) A published notice may include an extract from the operative part of a procedural document.

(5) Where a notice is to be served by means of public service, the document is deemed to be served within five days as of its publication in the official publication *Ametlikud Teadaanded*.

(6) A court may assign the reorganisation adviser with the duty of sending notices.

(7) A court may deem a procedural document to have been served when five days have passed from its posting at the address of the recipient even if the parcel is returned. The court may set a longer term for deeming a document to be served.

(8) Where claims of more than 200 obligees are being reorganised under a reorganisation plan, publication of a notice is sufficient to inform obligees and it is not necessary to serve a notice or procedural document.

(9) Regardless of the number of obligees, notice is given to the obligees who pursuant to the land register, ship register, commercial pledge register or securities register may have pecuniary claims against the undertaking, and other known obligees holding rights of security with regard to the undertaking's assets. The provisions of the first sentence also apply to the obligees whose habitual place of stay, residence or registered office is located in another Member State of the European Union.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 4[1]. Costs of reorganisation proceedings

(1) An undertaking bears the costs of reorganisation proceedings. Obligees are required to bear their own case costs.

(2) A court may order payment of the case costs of obligees from an undertaking where the undertaking knowingly submitted an unjustified reorganisation petition or otherwise caused case costs to obligees by knowingly submitting incorrect information, unreasoned requests or objections.

(3) No assistance is granted to an undertaking by the state for bearing case costs.

(4) An appeal may be filed against a court ruling on the case costs.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 5. Jurisdiction

The provisions of the Bankruptcy Act regulating jurisdiction applicable to the filing of bankruptcy petitions apply to jurisdiction in reorganisation proceedings.

§ 6. Invalidity of agreement to amend or terminate contract

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) An agreement according to which an obligee may refuse to perform a contract, accelerate the performance of a contract, terminate a contract or otherwise modify a contract to the detriment of an undertaking due to submission of a reorganisation petition, commencement of reorganisation proceedings, approval of a reorganisation plan, submission of a request to stay the measures specified in § 11 of this Act or the staying of such measures is void.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) Subsection 1 of this section does not apply to termination or modification of a derivative transaction specified in subsection 2 of § 48 of the Bankruptcy Act if a party to the derivative transaction is the person or organisation specified in subsection 1 or 2 of § 314^1 of the Law of Property Act or clause 3 or 4 of subsection 2 of § 6 of the Securities Market Act and termination or modification of the contract upon commencement of reorganisation proceedings has been agreed on at the moment of entry into the contract.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 6^1. Appeals against rulings

(1) Appeals may be filed against a court ruling made in reorganisation proceedings in the cases prescribed in this Act.

(2) Appeals may be filed against a ruling of a circuit court of appeal on an appeal against a ruling only if this is prescribed in this Act.

(3) A ruling of a circuit court of appeal concerning an appeal against a ruling is effective and subject to enforcement as of its entry into force in accordance with the provisions of subsection 3 of § 466 of the Code of Civil Procedure unless the circuit court of appeal decides that its ruling is subject to immediate enforcement.

(4) In the proceedings on an appeal against a ruling, the parties to the proceedings are the undertaking and the obligee or shareholder that has filed the appeal against the ruling, unless otherwise provided in this Act. Where necessary, a court may involve in the proceedings on an appeal against a ruling also other obligees who are affected by the reorganisation proceedings. A court may ask a reorganisation adviser for a position on an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

Chapter 2
COMMENCEMENT OF REORGANISATION PROCEEDINGS

§ 7. Reorganisation application

(1) A petition for commencement of reorganisation proceedings of an undertaking (hereinafter the *reorganisation petition*) may be submitted by the undertaking or an obligee of the undertaking.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1^1) Where a reorganisation petition is submitted by an obligee of an undertaking, a written consent of the undertaking to commencement of reorganisation proceedings must be appended to the petition.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) A reorganisation petition sets out an explanation regarding the reasons for the economic difficulties of the undertaking and substantiates that:
1) the undertaking is likely to become insolvent in the future;
2) the undertaking requires reorganisation;
3) sustainable management of the undertaking is likely after the reorganisation.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2[1]) An undertaking specifies in the reorganisation petition its essential executory contracts and other contracts for which it wishes to have the protection specified in subsection 1 of § 11[1] of this Act, indicating which contracts are essential and which contracts are not. An essential executory contract means a contract which is necessary for the continuation of the day-to-day economic activities of the undertaking, including contracts concerning supplies, and the suspension of which would lead to the undertaking's activities coming to a standstill. In case of other contracts, the undertaking must reason why it needs protection.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2[2]) Where an undertaking requests the staying or termination of the measures other than those specified in clause 1 of subsection 1 of § 11 of this Act, it submits a corresponding request together with a reasoning for each measure separately in the reorganisation petition.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) The undertaking's financial statements for the previous year, an overview of the undertaking's financial position, profit or loss and cash flows, information about the undertaking's assets (the list of assets) and a list of all financial obligations of the undertaking, including off-balance sheet liabilities, (the list of debts) as at the date of submission of the reorganisation petition must be appended to the reorganisation petition. The list of debts sets out the names and contact details of all obligees, the amounts of the principal claim and collateral claims, and the securities, and the extent to which the securities secure the claims. The list of assets sets out in respect of which assets, and the list of debts sets out in respect of which claims, judicial, enforcement or other proceedings are currently being conducted.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3[1]) An undertaking may enclose a draft reorganisation plan with the reorganisation petition.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) Where both a bankruptcy petition and a reorganisation petition are submitted to a court at the same time, the petitions are joined for one procedure and heard by the court with whom the first petition is submitted. In such case, the terms for conducting proceedings on a bankruptcy petition apply.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 8. Prerequisites for commencement of reorganisation proceedings

(1) A court commences reorganisation proceedings if the reorganisation petition meets the requirements of the Code of Civil Procedure and this Act and if the undertaking or obligee has substantiated that:
1) the undertaking is not permanently insolvent, but is likely to become insolvent in the future;
2) the undertaking requires reorganisation;
3) sustainable management of the undertaking is likely after the reorganisation.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) Reorganisation proceedings shall not be commenced if:
1) a court has appointed an interim trustee in bankruptcy on the basis of a bankruptcy petition submitted in respect of the undertaking;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
2) a court ruling concerning the compulsory dissolution of the undertaking has been made or supplementary liquidation is carried out;
3) less than two years have passed from the termination of reorganisation proceedings regarding the undertaking;
4) the conditions specified in subsection 1 of this section are not met.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) If a court finds upon deciding on the commencement of reorganisation proceedings that the undertaking is permanently insolvent, the court makes a proposal to the undertaking for conducting bankruptcy proceedings in respect of the undertaking. If the undertaking agrees, the reorganisation petition is regarded as a bankruptcy petition. In such case the court denies the reorganisation petition and seeks resolution of the bankruptcy petition.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 9. Oath of undertaking

(1) Upon commencement of reorganisation proceedings, a court may require an undertaking to swear in court that the information submitted to the court concerning the assets, debts and business or professional activities of the undertaking is correct to the undertaking's knowledge.

(2) Upon refusal to take the oath, a court may refuse to commence reorganisation proceedings.

(3) An undertaking shall take the following oath orally:
"I (name) swear by my honour and conscience that the information submitted to the court concerning property, debts and business activities is correct to my knowledge." The undertaking shall sign the text of the oath.

§ 10. Reorganisation ruling

(1) A court commences reorganisation proceedings by a ruling (hereinafter *reorganisation ruling*) within seven days after the receipt of a reorganisation petition. Where a reorganisation petition has been submitted by an obligee, the court may hear the undertaking and the obligee who has submitted the reorganisation petition beforehand where necessary.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) A reorganisation ruling shall, inter alia, set out the following:
1) information on the person who has been designated as a reorganisation adviser;
2) the term for acceptance of the reorganisation plan;
3) the term during which the reorganisation plan must be submitted to the court for approval;
4) the amount which the undertaking must pay to cover the remuneration of and expenses relating to the reorganisation adviser as a deposit to the account prescribed for that purpose;
[RT I, 31.01.2014, 6 – entry into force 01.07.2014]
5) the term during which the undertaking must pay the amount specified in clause 4 of this subsection.

(2^1) Where a court needs additional documentation or information to decide on the commencement of reorganisation proceedings, the court may, in the case of a reorganisation petition of an obligee, extend the term provided in the first sentence of subsection 1 of this section to up to 14 days.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) The term specified in clause 3 of subsection 2 of this section may not be longer than 60 days, except in the case provided in subsection 1 of § 36^1 of this Act.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3^1) In case of commencement of reorganisation proceedings on the basis of a reorganisation petition of an obligee, the undertaking compensates the obligee for the state fee paid upon submission of the reorganisation petition.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) The petitioner may file an appeal against the ruling on refusal to commence reorganisation proceedings. A ruling of a circuit court of appeal on an appeal against a ruling may be appealed to the Supreme Court only if the circuit court of appeal denies the appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 11. Consequences of commencement of reorganisation proceedings

(1) The following are the consequences of commencement of reorganisation proceedings:
1) a court stays enforcement proceedings or other compulsory enforcement conducted regarding the assets of the undertaking until the reorganisation plan is approved or the reorganisation proceedings are terminated, except in the case of enforcement proceedings conducted to fulfil a claim arising on the basis of an employment relationship;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
1^1) a court terminates seizure on the undertaking's assets or changes its contents on the basis of a request of the undertaking or reorganisation adviser, except in case of seizure applied to the undertaking's assets to secure possible confiscation or substitution of confiscation in criminal proceedings or to secure a claim arising on the basis of an employment relationship if this is necessary to conduct reorganisation proceedings;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
2) calculation of a fine for delay or a contractual penalty which increases in time on claims against the undertaking is suspended until approval of a reorganisation plan;
3) a court may, on the basis of a request of the undertaking and the enclosed approval of the reorganisation adviser or a request of the reorganisation adviser, until the approval of the reorganisation pan or until termination of the reorganisation proceedings, stay court proceedings in which there is a pecuniary claim against the undertaking and concerning which no judgment has been made yet, unless the claim is submitted on the basis of an employment relationship, whereas a court does not stay court proceedings in a criminal matter;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
4) a court postpones the deciding on the appointment of an interim trustee on the basis of a bankruptcy petition of an obligee until the approval of the reorganisation plan or termination of the reorganisation proceedings;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
5) upon commencement of reorganisation proceedings, the undertaking retains the right of disposal over the undertaking's assets, but must inform the reorganisation adviser immediately of all transactions outside the regular business activities.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1^1) Where an undertaking requests the staying of the measures other than those specified in clause 1 of subsection 1 of this section, in particular the exercise of the right of security, the court may stay the specified

measures on the basis of a request of the undertaking or reorganisation adviser, until the approval of the reorganisation plan or termination of the reorganisation proceedings if this is necessary for reorganisation or this supports negotiations on the reorganisation plan. Measures may not be stayed in the case of a claim arising on the basis of an employment relationship.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1^2) A court may derogate from the stay specified in clause 1 of subsection 1 of this section in part or in full if this is not necessary for reorganisation or this does not support negotiations on the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) In the approval specified in clause 3 of subsection 1 of this section, a reorganisation adviser assesses whether the stay of court proceedings is necessary for the reorganisation of the undertaking.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) A court which commences reorganisation proceedings, on the basis of a request of the undertaking or reorganisation adviser and during the period from commencement of reorganisation proceedings until approval of the reorganisation plan, seeks resolution of validity of the measures for interim protection of claims, except in the case of a claim arising from an employment relationship.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) On the basis of a request of the undertaking or reorganisation adviser, a court may apply the provisions of clause 1, 1^1or 3 of subsection 1, subsection 1^1or subsection 3 of this section to a claim which arose after the submission of the reorganisation petition or commencement of the reorganisation proceedings where this is justified by the circumstances, in particular if there has been substantial progress in the reorganisation proceedings and continuation of the stay is necessary for successful reorganisation and does not disproportionately damage the interest and rights of any persons affected.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) A court does not notify an obligee of reviewing a request submitted on the basis of subsection 1, 1^1, 3 or 4 of this section.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(6) The term for the stay specified in clauses 1 and 3 of subsection 1 and in subsection $1^1$of this section may not be longer than four months from commencement of the reorganisation proceedings. At the request of the undertaking, obligee or reorganisation adviser, the term may be extended or the stay may be applied again where this is justified by the circumstances, in particular if there has been substantial progress in the reorganisation proceedings and continuation of the stay is necessary for successful reorganisation and does not disproportionately damage the interest and rights of any persons affected by the stay. The term in total, including any extensions and reinstatements, may not be longer than 12 months from commencement of the reorganisation proceedings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(7) A court may terminate the stay specified in clauses 1 and 3 of subsection 1 and in subsection $1^1$of this section ahead of the term if:
1) the stay no longer fulfils the objective of supporting negotiations on a reorganisation plan;
2) this is requested by the undertaking or reorganisation adviser;
3) the stay prejudices or may unfairly prejudice an obligee or a group of obligees;
4) the stay is likely to result in insolvency of an obligee.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(8) A court may, on the basis of a request of an obligee, the debtor or reorganisation adviser, cancel the termination of validity of seizure or a measure for interim protection decided on the basis of clause $1^1$of subsection 1 or subsection 3 of this section and reinstate the seizure or measure, where this is necessary to protect the rights of an obligee, it does not violate the rights of third persons, reinstatement of the seizure is possible and it does not obstruct negotiations on a reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(9) Upon commencement of reorganisation proceedings, the term for recovering transactions or other acts provided in the Bankruptcy Act and the Code of Enforcement Procedure is extended by the period of time from commencement of the reorganisation proceedings until the end of the reorganisation proceedings. The extended term may not extend beyond eight years before the appointment of an interim trustee or the beginning of the terms for clawback specified in the Code of Enforcement Procedure.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(10) Appeals against a ruling may be filed by the persons whose rights are restricted by the ruling made on the grounds provided in clauses 1, $1^1$and 3 of subsection 1 and in subsections 1^1, 1^2, 3, 4 and 6–8 of this section.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 11[1]. Restrictions on application of legal remedies in case of contracts

(1) Because of the debts arisen before the stay of the measures specified in clauses 1 and 3 of subsection 1 and in subsection 1[1] of § 11 of this Act and solely by virtue of the fact that the undertaking has not paid them, an obligee may not, during the stay of the measures, withhold the performance of essential executory contracts, accelerate their performance, terminate the contracts or otherwise modify such contracts to the detriment of the undertaking. On the basis of a request of the undertaking, a court approves the contracts that are essential and decides on the contracts other than essential contracts that need to be performed to conduct reorganisation proceedings by a ruling on the application of protection specified in the first sentence of this subsection. An obligee is not informed of review of the request.

(2) Subsection 1 of this section does not apply to credit and financing contracts.

(3) The undertaking and the obligee whose rights are restricted by the ruling made on the basis of subsection 1 of this section may file an appeal against such ruling. An obligee may file an appeal against a ruling due to the reason that the contract is not an essential contract or application of the restriction to the obligee is disproportionately burdensome.

(4) A court may terminate a restriction applied on the basis of subsection 1 of this section ahead of the term in part or in full on the basis of a request of the obligee whose rights are restricted thereby if application of the restriction is disproportionately burdensome on the obligee.

(5) The undertaking or an obligee who submitted a request for terminating a restriction specified in subsection 4 of this section may file an appeal against the ruling made on the basis of the same subsection.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 11[2]. Specifications applied to financial collaterals and payment and securities settlement systems

(1) The provisions of § 11 of this Act do not affect the validity of a disposition for the exercise of rights or performance of obligations arising from a financial collateral arrangement specified in § 314[1] of the Law of Property Act, or the netting performed through a settlement system or a linked system provided in the Payment and Settlement Systems Act.
[RT I, 01.03.2023, 3 – entry into force 11.03.2023]

(2) The provisions of § 11[1] of this Act do not apply to termination or modification of a derivative transaction specified in subsection 2 of § 48 of the Bankruptcy Act if a party to the derivative transaction is the person or organisation specified in subsection 1 or 2 of § 314[1] of the Law of Property Act or clause 3 or 4 of subsection 2 of § 6 of the Securities Market Act and termination or modification of the contract at commencement of reorganisation proceedings has been agreed on at the moment of entry into the contract.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 12. Reorganisation notice

(1) The reorganisation adviser publishes a notice concerning the commencement of reorganisation proceedings in the official publication *Ametlikud Teadaanded*. The reorganisation adviser communicates the reorganisation notice to the obligee the transformation of whose claim is requested by a reorganisation plan and informs the obligee of commencement of reorganisation proceedings, the amount of the obligee's claim that the obligee has against the undertaking in accordance with the list of debts, including whether and the extent to which the obligee's claim is secured by a pledge, and the consequences of commencement of reorganisation proceedings applicable to the obligee.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) A reorganisation notice shall set out at least the following information:
1) information on the court which made the reorganisation ruling and the date of making the ruling;
2) the name and details of the reorganisation adviser;
3) the amount of the obligee's claim provided in the list of debts and opportunities to examine the extent of security;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
4) the term during which the obligee must inform the reorganisation adviser of refusal to agree with a claim specified in the list of debts, and the consequences of failure to give notification;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
5) the general consequences of commencement of reorganisation proceedings arising from § 11 of this Act;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
6) the term for acceptance of the reorganisation plan and the term for submission of the plan to the court for approval.

(3) The term specified in clause 4 of subsection 2 of this section shall not be shorter than two weeks and longer than four weeks.

(4) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 13. Refusal to agree with claim

(1) If an obligee the transformation of whose claim is requested by a reorganisation plan refuses to agree with the information specified in the list of debts, the obligee submits within a term specified in clause 4 of subsection 2 of § 12 of this Act a written application which sets out the extent of the specified claim to which the obligee refuses to agree and submits the evidence certifying these circumstances. Upon failure to submit an application by the due date, the obligee is deemed to have agreed to the amount of the claim.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1^1) A reorganisation adviser verifies the lawfulness of the claim of an obligee who has refused to agree with the claim and assesses whether the claim to be transformed is certified and lawful, and informs the court of a claim which actually does not exist, the amount of which is unclear or the lawfulness or certification of which cannot be determined.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) If a reorganisation adviser does not agree to an allegation set out in the obligee's application specified in subsection 1 of this section, he or she shall communicate the application together with evidence promptly to a court and shall substantiate why he or she disagrees with the information set out in the application. The reorganisation adviser shall justify his or her allegations.

(3) On the basis of the submitted arguments and evidence, the court decides the amount of the principal claim and the collateral claim of the obligee and the existence and scope of security within two weeks after receipt of the obligee’s application from the reorganisation adviser. Before determining the claim, a court may hear the undertaking, the reorganisation adviser and the obligee whose claim it affects.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3^1) A court may decide not to determine the amount of the claim of an obligee or to determine it only in part, where the claim that is requested to be transformed actually does not exist in the opinion of the court, its amount is unclear or the lawfulness or certification of the claim cannot be reasonably determined in the reorganisation proceedings. Unclear claims are excluded from the reorganisation plan. The claim and its extent can be determined outside reorganisation proceedings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) A ruling which specifies the amount of the principal claim and the collateral claim of an obligee is served on the undertaking, the reorganisation adviser and the obligee.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) An undertaking may file an appeal against a court ruling which specifies the amount of the principal claim and the collateral claim of the obligee.

§ 14. Obligation of undertaking to cooperate

(1) An undertaking shall provide the court and the reorganisation adviser with information which they need in connection with the reorganisation proceedings.

(2) An undertaking shall provide help to a reorganisation adviser in the performance of his or her duties.

(3) If an undertaking fails to perform the obligations provided for in subsections 1 and 2 of this section, a court shall terminate reorganisation proceedings.

(4) An undertaking may file an appeal against a ruling made on the ground provided in subsection 3 of this section. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 14^1. Rights of employees of undertaking

Notwithstanding the provisions of subsection 2 of § 22 of this Act, an undertaking is required to inform and consult the persons who have claims arising on the basis of an employment relationship. In particular, an undertaking is required to inform the employees' representative of the following:
1) deterioration of the undertaking's economic situation and the likelihood of insolvency;
2) the reorganisation proceedings that may affect the right of employees;
3) the reorganisation plan to be submitted to the court for approval.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

Chapter 3

REORGANISATION ADVISER

§ 15. Appointment of reorganisation adviser

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) A court appoints a reorganisation adviser upon commencement of reorganisation proceedings after having considered the opinion of the undertaking and obligees with major claims. Where a court disregards the opinion of the undertaking or an obligee with a major claim, the court must reason this. Upon making the decision, the court is not required to take account of the opinion of the undertaking or an obligee with a major claim. Upon designation of a reorganisation adviser in specific proceedings, including in the event of a cross-border case, the experience and professional knowledge of the reorganisation adviser and the particularities of the case must be taken into account.

(2) Where a court has appointed several reorganisation advisers but has not determined the division of their duties, the reorganisation advisers perform the duties on the basis of mutual agreement and cooperate comprehensively upon conducting reorganisation proceedings.

(3) A person who is in the list of reorganisation advisers of the Chamber of Enforcement Agents and Trustees in Bankruptcy (hereinafter the *Chamber*) or an investment firm or a credit institution may be appointed as a reorganisation adviser.

(4) Where an investment firm or a credit institution is appointed as a reorganisation adviser, the person informs the court of the name and details of the natural person who performs the duties of the reorganisation adviser instead of the person or organises the performance of these duties. Such natural person must be in the list of reorganisation advisers.

(5) A reorganisation adviser or a person specified in subsection 4 of this section may not be an employee of a court and must be independent from the undertaking and the parties to the reorganisation proceedings. When giving consent to the court to be appointed as a reorganisation adviser, the person confirms in writing that he or she is independent of the undertaking and the parties to the reorganisation proceedings.

(6) The consent of the person is required for his or her designation as a reorganisation adviser.

(7) Where a person who does not meet the requirements provided in subsections 3 and 5 of this section is appointed as a reorganisation adviser, the undertaking and the obligee who has submitted the reorganisation petition may file appeals against the ruling on the appointment of the reorganisation adviser. Where the court annuls the appointment of the person as a reorganisation adviser, the court appoints a new reorganisation adviser who continues to perform the duties of a reorganisation adviser. This does not affect the validity of the acts performed by or with respect of the former reorganisation adviser.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022, subsections 3 and 4 are applied as of 1 July 2024.]

§ 15[1]. Right to act as reorganisation adviser

(1) The right to act as a reorganisation adviser is granted to a person with active legal capacity who:
1) has acquired officially recognised Bachelor's degree or a qualification equal thereto within the meaning of subsection 2[2]of § 28 of the Republic of Estonia Education Act or a foreign qualification equal to the Bachelor's degree and who has at least two years' professional experience in the field of finance, law, management or accounting or who has acquired officially recognised Master's degree or a qualification equal thereto within the meaning of subsection 2[2]of § 28 of the Republic of Estonia Education Act or a foreign qualification equal to the Master's degree;
2) is honest and of high moral character;
3) has oral and written proficiency in Estonian;
4) has passed the examination of reorganisation advisers pursuant to the procedure provided in § 95 of the Enforcement Agents Act;
5) has undergone the training of reorganisation advisers pursuant to the procedure provided in § 96 of the Enforcement Agents Act;

(2) A person who has passed the examination of reorganisation advisers and undergone training submits a written request to the management board of the Bankruptcy and Reorganisation Section of the Chamber in order to be granted the right to act as a reorganisation adviser. The request is submitted not later than one year as of passing the examination of reorganisation advisers. The management board of the Bankruptcy and Reorganisation Section decides to grant or deny the request within one month as of the date of submission of the application by making a corresponding written decision. A copy of the decision is sent to the person. The reasons for denial of a request must be provided.

(3) A person who has passed the examination of reorganisation advisers and has been employed in a position which requires higher education in the field of law, economy or financial management for at least three years is not required to undergo training.

(4) A person who has ceased to act as a trustee in bankruptcy, sworn advocate, sworn auditor or enforcement agent and whose level of education corresponds to clause 1 of subsection 1 of § 47 of the Courts Act is not required to pass the examination of reorganisation advisers or undergo training in order to be granted the right to act as a reorganisation adviser. He or she is granted the right to act as a reorganisation adviser upon acceptance into the membership of the Bankruptcy and Reorganisation Section of the Chamber. Such person is accepted into the membership of the Bankruptcy and Reorganisation Section of the Chamber on the basis of his or her written application.

(5) The right to act as a reorganisation adviser is not granted to:
1) a person with a criminal record for an intentionally committed criminal offence;
2) a person who, during the preceding ten years, has been removed from the position of judge, notary, prosecutor or enforcement agent, excluded from the list of reorganisation advisers in the case provided in subsection 2 of § 15[2] of this Act, or disbarred, or whose professional activities as an auditor have been terminated except termination of professional activities on the basis of the application of the auditor;
3) a person who has been released from public service for a disciplinary offence during the preceding five years;
4) a person who is bankrupt;
5) a person with regard to whom a prohibition on business applies;
6) a person who has been deprived of the right to be a trustee in bankruptcy or operate as an undertaking by a court judgment.

(6) Section 117[1] of the Courts Act applies to the verification of the reliability of an applicant for the qualification of a reorganisation adviser.

(7) Persons who have acquired foreign professional qualifications may also act as reorganisation advisers if their professional qualifications have been recognised in accordance with the Recognition of Foreign Professional Qualifications Act. The competent authority provided in subsection 2 of § 7 of the Recognition of Foreign Professional Qualifications Act is the Ministry of Justice. A person who has acquired foreign professional qualifications is included in the list of reorganisation advisers on the basis of his or her application within ten days after submission of the application.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 15[2]. Suspension, termination and deprivation of right to act as reorganisation adviser

(1) On the basis of a written request of a reorganisation adviser, the management board of the Bankruptcy and Reorganisation Section may terminate or suspend his or her right to act as a reorganisation adviser for up to three years. The management board of the Bankruptcy and Reorganisation Section reviews the request within one month after its receipt.

(2) The management board of the Bankruptcy and Reorganisation Section excludes a person from the list of reorganisation advisers:
1) if a circumstance specified in subsection 5 of § 15[1] of this Act exists with regard to him or her;
2) on the basis of a proposal specified in subsection 6 of § 97 of the Enforcement Agents Act;
3) if prohibition on acting as a reorganisation adviser has been imposed on him or her as a disciplinary penalty;
4) if he or she fails to pay the membership fee of the Chamber by the set due date without good reason and regardless of a warning given by the management board.

(3) The Chamber makes a written decision on excluding a person from the list of reorganisation advisers. The decision must be reasoned and include the procedure for contesting the decision.

(4) Where a person is being excluded from the list of reorganisation advisers, he or she loses the right to act as a reorganisation adviser.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 15[3]. List of reorganisation advisers

(1) After granting the right to act as a reorganisation adviser, the management board of the Bankruptcy and Reorganisation Section enters the details of the person in the list of reorganisation advisers.

(2) The following is entered in the list with regard to a reorganisation adviser:
1) name;
2) contact details;
3) date of grant of the right to act as a reorganisation adviser;
4) information concerning the education of the reorganisation adviser;
5) time and basis for the suspension or deprivation of the right to act as a reorganisation adviser.

(3) The list is maintained by the Chamber. The list is made available to the public on the website of the Chamber. The specific procedure for maintaining the list may be established in the Statutes of the Chamber.

(4) A reorganisation adviser entered in the list must ensure the correctness of the information submitted.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 16. Duties of reorganisation adviser

(1) A reorganisation adviser shall perform his or her duties with due diligence and honesty and shall take the interests of all the participants in the proceedings into account.

(2) The duty of a reorganisation adviser is to inform the obligees and the court of the economic situation and reorganisation possibilities of the enterprise in an impartial and competent manner, to advise and assist the undertaking in the course of reorganisation proceedings and to verify the lawfulness of the claims of the obligees and the purposefulness of the transactions of the undertaking.

(3) A reorganisation adviser shall:
1) immediately obtain information about the economic situation and the planned reorganisation of the enterprise;
2) analyse the solvency of the undertaking during reorganisation proceedings and, if insolvency has become evident, notify the court and the undertaking promptly thereof;
3) prepare the reorganisation plan in cooperation with the undertaking and participate in the negotiations with the obligees, shareholders and creditors;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
4) within reasonable time after the receipt of the application, provide the court, the obligees and creditors with information on the economic situation of the enterprise and preparation of the reorganisation plan;
5) provide information on the performance of his or her duties to the court;
6) assess whether the claim to be transferred is certified and lawful, and inform the court of a claim which actually does not exist, the amount of which is unclear or the lawfulness or certification of which cannot be determined;
7) if necessary, request from the undertaking and obligees evidence regarding the claim to be transformed;
8) perform other duties arising from law or assigned by the court which are necessary for the conduct of reorganisation proceedings.

(4) Violation of the obligation of a reorganisation adviser specified in clause 2 of subsection 3 of this section does not influence the liability of a member of the management board or of a body substituting for the management board for failure to submit a bankruptcy petition.

(5) A reorganisation adviser is required to maintain the business secrets and the confidentiality of personal data and other confidential information which has become known to him or her in the performance of his or her duties.

§ 17. Liability of reorganisation adviser

(1) A reorganisation adviser who has wrongfully caused damage to the undertaking by violation of his or her obligations shall compensate for the damage.

(2) The limitation period for a claim for compensation for damage arising from violation of the obligations of a reorganisation adviser is three years as of the date when the victim became aware of the damage and the circumstances on which the liability of the reorganisation adviser is based, but not more than three years as of the release of the reorganisation adviser.

§ 18. Remuneration of reorganisation adviser and reimbursement of expenses

(1) Upon commencement of reorganisation proceedings, a court shall designate a term during which an undertaking must pay the initial remuneration of the reorganisation adviser and the amount of money specified by the court in order to cover the initial expenses as a deposit to the account prescribed for that purpose. If the undertaking fails to pay the amount, the court shall terminate reorganisation proceedings.
[RT I, 31.01.2014, 6 – entry into force 01.07.2014]

(2) Upon release of a reorganisation adviser or approval of a reorganisation plan, the reorganisation adviser has the right to receive reimbursement of the necessary and justified expenses incurred upon performance of his or her obligations and remuneration for the performance of his or her duties.

(3) The remuneration and the extent of reimbursement of the expenses of a reorganisation adviser is decided by the court upon release of the reorganisation adviser or approval of a reorganisation plan on the basis of the report on the activities and expenses of the reorganisation adviser which is submitted within the term specified in clause 3 of subsection 2 of § 10 of this Act. Upon approval of a reorganisation plan, the court may determine

that the remuneration of the reorganisation adviser and the compensation for expenses are paid in instalments. Upon determination of the remuneration of a reorganisation adviser, the court may also hear the undertaking and obligees.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3^1) The court may, in duly justified cases, determine a performance fee to a reorganisation adviser for a successful reorganisation plan if implementation of the reorganisation plan has been successfully completed.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) The procedure for calculating the remuneration of reorganisation advisers and the expenses subject to reimbursement and the limits of remuneration as a percentage shall be established by a regulation of the minister in charge of the policy sector.

(5) A decision specified in subsection 3 of this section is an enforcement document in respect of an undertaking to the extent of the amount which exceeds the amount paid as a deposit to the account prescribed for that purpose specified in subsection 1 of this section.
[RT I, 31.01.2014, 6 – entry into force 01.07.2014]

(6) The undertaking, an obligee or reorganisation adviser may file appeals against a court ruling specified in subsection 3 or $3^1$of this section. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(7) An undertaking may file an appeal against a court ruling made on the ground provided in subsection 1 of this section.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 19. Release of reorganisation adviser

(1) A court shall release a reorganisation adviser:
1) at his or her request;
2) upon termination of reorganisation proceedings;
3) if the reorganisation adviser has failed to perform his or her duties or has performed them inadequately;
4) where it appears that the reorganisation adviser does not have the right to act as a reorganisation adviser or he or she does not comply with the requirements provided in subsection 5 of § 15 this Act.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) A reorganisation adviser shall notify the court of a request to be released in writing ten days in advance.

(3) On the grounds specified in clauses 3 and 4 of subsection 1 of this section, a court releases a reorganisation adviser on the initiative of the court or on the basis of an application of the undertaking or an obligee.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) If a reorganisation adviser is released in the course of reorganisation proceedings, a court appoints a new reorganisation adviser. The court publishes a notice concerning the change of the reorganisation adviser in the official publication *Ametlikud Teadaanded*.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) A reorganisation adviser may file an appeal against the ruling by which the court released the reorganisation adviser on the grounds specified in clause 3 or 4 of subsection 1 of this section. A circuit court of appeal resolves the appeal against the ruling by a reasoned ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(6) The undertaking and an obligee may file appeals against the ruling by which the court has refused to release a reorganisation adviser on the basis of the application specified in subsection 3 of this section.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 19^1. Supervision exercised by court over reorganisation adviser

Supervision over reorganisation advisers is exercised by the court in accordance with the provisions of § $477^2$of the Code of Civil Procedure.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 19^2. Administrative supervision

(1) The management board of the Bankruptcy and Reorganisation Section of the Chamber exercises administrative supervision over the activities of reorganisation advisers to the extent provided by law.

(2) The management board of the Bankruptcy and Reorganisation Section of the Chamber exercises administrative supervision over the activities of reorganisation advisers on the basis of the information which

becomes known to the management board of the Bankruptcy and Reorganisation Section of the Chamber and which gives reason to believe that the reorganisation adviser has violated his or her duties.

(3) In exercising administrative supervision over the activities of a reorganisation adviser, the management board of the Bankruptcy and Reorganisation Section of the Chamber has the right to verify whether the professional activities of the reorganisation adviser are in conformity with the requirements and the law. An auditor or another expert may be involved in the exercising of administrative supervision. The management board of the Bankruptcy and Reorganisation Section of the Chamber may involve other employees of the Chamber in the exercising of supervision.

(4) The management board of the Bankruptcy and Reorganisation Section of the Chamber notifies the court of a violation of the duties of a reorganisation adviser discovered during the exercising of administrative supervision.

(5) In order to exercise administrative supervision, the management board of the Bankruptcy and Reorganisation Section of the Chamber has the right to:
1) obtain necessary information and documents from the reorganisation adviser, the undertaking, obligees and agencies of the state and of a local authority;
2) examine the court file of the matter;
3) issue opinions and recommendations to the reorganisation adviser.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 19^{3}. Disciplinary liability

(1) The court of honour of the Chamber may impose a disciplinary penalty for violation of the duties arising from legislation regulating the professional activities of reorganisation advisers.

(2) The court of honour of the Chamber may impose a disciplinary penalty, among others:
1) for violation of the decisions of a body of the Chamber or the good professional practice;
2) for an indecent act which is in conflict with the generally recognised moral standards or which decreases the trustworthiness of the profession of reorganisation adviser, regardless of whether the act is committed in the performance of duties of a reorganisation adviser.

(3) The court of honour of the Chamber does not hear a matter of an advocate who is a member of the Chamber or punish him or her under disciplinary procedure. The court of honour of the Chamber may request the court of honour of the Bar Association to initiate the proceedings of the court of honour with regard to an advocate.

(4) The disciplinary penalties imposed by the court of honour of the Chamber are:
1) reprimand;
2) a fine of 64-6400 euros;
3) prohibition on acting as a reorganisation adviser for up to five years.

(5) A fine imposed as a disciplinary penalty must be paid within three months as of the imposition thereof. The amount of a fine is transferred to the part-budget of the Bankruptcy and Reorganisation Section of the Chamber. A decision imposing a fine may prescribe that the fine is payable in instalments on specified dates during a period of one year.

(6) A decision on a fine imposed as a disciplinary penalty is an enforcement instrument within the meaning of clause 21 of subsection 1 of § 2 of the Code of Enforcement Procedure.

(7) One disciplinary penalty may be imposed for one and the same violation. Releasing of a reorganisation adviser or imposing of a fine by a court on the basis of § 19^{1} of this Act is not deemed to be disciplinary penalty. Upon imposing a disciplinary penalty, punishment for a misdemeanour or criminal punishment imposed for the same offence and disciplinary penalty imposed by another body or official not specified in this Act is not taken into account.

(8) Where it becomes evident that a reorganisation adviser has violated his or her duties in the proceedings which are currently being conducted, the court of honour of the Chamber has the right not to impose a disciplinary penalty and request the court to:
1) release the reorganisation adviser;
2) impose a fine on the reorganisation adviser.

(9) Before submission of a request specified in subsection 8 of this section, the court of honour of the Chamber demands a written explanation concerning the circumstances relating to the violation of duties from the reorganisation adviser.

(10) A disciplinary penalty may be imposed within one year as of the date of becoming aware of the violation.

(11) A disciplinary penalty may not be imposed where the limitation period of the disciplinary offence has expired. The limitation period of a disciplinary offence is three years from the commission of the offence. The limitation period of a disciplinary offence is interrupted during the period of the disciplinary procedure, including during the court proceedings, as well as during the term for filing appeals or appeals in cassation.

(12) A disciplinary penalty expires where no new disciplinary penalty is imposed on the reorganisation adviser within three years as of the date on which the penalty was imposed.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

Chapter 4
PREPARATION, ACCEPTANCE AND APPROVAL OF REORGANISATION PLAN

§ 20. Preparation of reorganisation plan and submission of plan to affected persons for examination

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) After the commencement of reorganisation proceedings, a reorganisation adviser prepares a reorganisation plan in cooperation with the undertaking.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1[1]) The undertaking has the duty to cooperate with and assist the reorganisation adviser in preparation of the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) The following must be done during the term specified in clause 2 of subsection 2 of § 10 of this Act:
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
1) the possibilities to reorganise the undertaking and the sources of financing must be ascertained;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
2) negotiations with the obligees and shareholders must, if necessary, be conducted for the transformation of claims;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
3) other acts necessary for preparing the reorganisation of the undertaking must be performed.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) At least two weeks before the expiry of the term specified in clause 6 of subsection 2 of § 12 of this Act, the reorganisation adviser publishes a notice concerning the draft reorganisation plan in the official publication *Ametlikud Teadaanded*and communicates the draft reorganisation plan and the published notice concerning it to the affected persons.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3[1]) The affected persons are the obligee whose claim is transformed by a reorganisation plan and the shareholder whose interests the reorganisation plan directly affects.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) Upon publication of a notice concerning a draft reorganisation plan in the official publication *Ametlikud Teadaanded*, the notice must set out the opportunities to examine the draft reorganisation plan, the time or place of the meeting or voting on the acceptance of the reorganisation plan or the invitation to submit positions regarding acceptance of a reorganisation plan in writing by the date of acceptance of the reorganisation plan. The notice explains to the affected persons the consequences of failure to attend the meeting or submit positions.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 21. Contents of the reorganisation plan
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) A reorganisation plan shall, inter alia, set out the following:
1) the list of assets and the list of debts of the undertaking as at the submission of the reorganisation plan, the description of the economic situation of the undertaking and the analysis of the reasons which have brought about the need to reorganise the undertaking;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
1[1]) the value of the assets in case of bankruptcy proceedings if bankruptcy proceedings would be conducted as at the submission of the reorganisation plan considering also changes in the value of money over time and the value of the assets if the reorganisation plan is implemented, indicating in both cases also the values of pledged assets;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
1[2]) the identity of the undertaking;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

1[3]) information on the person who has been designated as a reorganisation adviser;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
2) description of the expected economic situation of the undertaking after reorganisation and a statement of reasons which explains why the reorganisation plan has a reasonable prospect of preventing insolvency of the undertaking and ensuring its viability, including the necessary pre-conditions for the success of the plan;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
3) the term for compliance with the reorganisation plan;
3[1]) the persons affected by the reorganisation plan and the amounts of their claims or the content of their interests covered by the reorganisation plan;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
3[2]) the groups of affected persons formed for acceptance of a reorganisation plan, the grounds and reasons for formation of groups;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
4) the description of the reorganisation measures to be implemented and the analysis of their purposefulness, including the description of and justification for the transformation of a claim of an obligee;
4[1]) the rate of satisfaction of the claim of each obligee on the basis of the reorganisation plan in comparison with the rate of satisfaction of the claim in bankruptcy proceedings if bankruptcy proceedings would be conducted as at the submission of the reorganisation plan considering also changes in the value of money over time;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
4[2]) the obligees who are not affected by the reorganisation plan and the reasons for this;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
5) description of the situation of employees as at the submission of the reorganisation plan and the impact of the reorganisation plan on the employees of the undertaking;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
6) the terms of the reorganisation plan, including, in particular, the procedure for informing and consulting the employees' representatives, the estimated cash flows of the undertaking, any new financing anticipated as part of the reorganisation plan, its amount, sources and conditions, as well as the reason why the new financing is necessary to implement the plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) Where a reorganisation plan affects persons having different legal statuses, the reorganisation plan must prescribe that the affected persons are treated as different groups. Different groups are formed at least of:
1) obligees with claims secured by pledge;
2) obligees with claims not secured by pledge;
3) obligees whose claims would be satisfied in a lower ranking in accordance with subsection 4[1]of § 153 of the Bankruptcy Act;
4) shareholders of the undertaking if the plan prescribes replacement of an obligation with the holding or shares of the legal person as a measure for transforming a claim.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) In addition to the groups of affected persons provided in subsection 2 of this section, other groups of affected persons may be formed within the groups specified in subsection 2. Affected persons who have common interests that are based on verifiable criteria and are similar may form one group. Separate groups are formed of the obligees connected with the undertaking. The persons specified in subsection 2 of § 117 of the Bankruptcy Act are deemed to be connected with an undertaking.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) Where a claim of an obligee is partly secured and partly not secured by pledge, the person belongs to the group of obligees with claims secured by pledge to the extent of the part secured by pledge and to the group of obligees with claims not secured by pledge to the extent of the part not secured by pledge.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 22. Transformation of claim

(1) Inter alia, transformation of a claim means:
1) extension of terms for the performance of obligations;
2) fulfilment of a financial claim in instalments;
3) reduction of the amount of debt;
4) replacement of an obligation with the holding or shares of a legal person.

(1[1]) Pecuniary claims against an undertaking may be transformed by a reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) A claim arisen under an employment contract or from the derivative transaction specified in subsection 2 of § 48 of the Bankruptcy Act shall not be transformed in a reorganisation plan if a party to the derivative

transaction is the person or organisation specified in subsection 1 or 2 of 314[1] of the Law of Property Act or clause 3 or 4 of subsection 2 of § 6 of the Securities Market Act.
[RT I, 09.05.2014, 2 – entry into force 19.05.2014]

(3) The consent of an obligee is required for transformation of a claim of the obligee by the measure specified in clause 4 of subsection 1 of this section.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) Where a claim is transformed by replacing an obligation with the holding or shares of the legal person, the increase or decrease of the share capital is decided in accordance with the rules provided in this Act. No general meeting is called for increasing or reducing the share capital. The decision on increase or decrease of the share capital is replaced by the ruling on approval of the reorganisation plan, including if the shareholders voted against the reorganisation plan. The terms provided in § 192[1], 197[1], 342 or 357 of the Commercial Code must be set out in the ruling. Where the articles of association must be amended in connection with the change of the share capital, the ruling also replaces the decision on amendment of the articles of association. The shareholders have no right of pre-emption to subscribe for new shares.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) Claims for compensation for damage caused by an intentional unlawful act may be transformed by a reorganisation plan only through the extension of the term and the performance in instalments.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(6) Where a reorganisation plan prescribes the transformation of a claim arising from a conditional transaction, the measures prescribed in the plan are applied as of the time when the corresponding claim falls due.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 22[1]. Transformation of obligations arising from long-term contracts

(1) A reorganisation plan may prescribe that where pecuniary obligations which fall due after the submission of a reorganisation petition arise to an undertaking from a credit contract or other long-term contract entered into by the undertaking before the submission of the reorganisation petition, such contract terminates upon approval of the reorganisation plan. Termination of the contract has the same consequences as extraordinary cancellation of the contract due to circumstances arising from the undertaking. The obligations of the undertaking arising as a consequence of termination of the contract may be transformed by the reorganisation plan.

(2) Where transformation of obligations arising from a leasing contract is requested, the reorganisation plan may prescribe that if a leased asset is necessary for continuation of activities of the undertaking and conducting the reorganisation proceedings, the pecuniary obligations of the undertaking arising from the leasing contract which fall due within one year after approval of the reorganisation plan may be transformed, instead of terminating the leasing contract. These obligations may be transformed only such that the term for performance of the obligations is extended by one year as of the approval of the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 23. Notice concerning meeting on acceptance of reorganisation plan and invitation to submit positions regarding acceptance of reorganisation plan

[Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 24. Acceptance of reorganisation plan

(1) A reorganisation plan is accepted by the affected persons by way of voting at a meeting or without holding a meeting.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) The number of the votes of each obligee is proportional to the amount of the obligee's principal claim which has been ascertained pursuant to this Act.

(2[1]) The number of votes of each shareholder is proportional to the shareholder's holding in the share capital in accordance with the provisions of the Commercial Code.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) If no groups of affected persons have been formed, a reorganisation plan is accepted if the obligees who hold at least two-thirds of all the votes vote in favour of the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) If affected persons are divided into groups on the basis of a reorganisation plan, the plan is accepted if, in each group, the affected persons who hold at least two-thirds of all the votes represented in the group vote in favour of the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) An obligee whose claim is not transformed by a reorganisation plan or a shareholder whose interests are not affected by a reorganisation plan may not participate in voting and the amount of his or her claim or holding is not taken into account upon calculation of the proportions specified in subsections 3 and 4 of this section.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 25. Record of voting

(1) A record of voting shall be prepared on the results of voting and it shall set out:
1) information on the undertaking;
2) the name of the recording secretary;
3) the list of affected persons to whom a notice or an invitation was sent according to subsection 3 of § 20 of this Act;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
4) in the case of voting at a meeting, also the list of affected persons who participated at the meeting and the number of their votes;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
5) in the case of voting without holding a meeting, the list of affected persons who participated and the number of their votes;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
6) voting results, including the names of affected persons who voted in favour of the decision;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
7) if voting is held in groups, voting results by each group separately;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
8) at the request of an affected person who maintains a dissenting opinion with regard to acceptance of the reorganisation plan, the content of the affected person's dissenting opinion;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
9) other circumstances of importance with regard to the vote.

(2) If voting is held without holding a meeting or an affected person has submitted a position in writing by the time of the meeting, the written position of the affected person is an integral part of the voting record.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 26. Request of affected person for refusal to approve accepted reorganisation plan

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) An affected person who voted against the reorganisation plan may, within the term specified in clause 3 of subsection 2 of § 10 of this Act, submit a reasoned request to the court requesting that approval of the reorganisation plan be refused and explaining where the material violation of their rights lies if:
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
1) [repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]
1^1) the best-interest-of-obligees test specified in subsection 2 of this section is not complied with;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
2) another circumstance for refusal to approve the plan specified in subsection 5 of § 28 of this Act exists.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
3) [repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) The best-interest-of-obligees test is used to establish that no dissenting obligee would be worse off under a reorganisation plan than such an obligee would be upon conducting bankruptcy proceedings and in case of application of rankings prescribed in the Bankruptcy Act. Comparative data about bankruptcy proceedings are prepared, taking into account that bankruptcy proceedings are conducted as at the submission of the reorganisation plan, considering also changes in the value of money over time.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 27. Opinion of reorganisation adviser on accepted reorganisation plan

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) A reorganisation adviser shall submit a reorganisation plan and a written opinion on the reorganisation plan to a court at the same time.

(2) A reorganisation adviser shall, inter alia, provide a reasoned opinion whether:
1) improvement of the economic situation of the undertaking and restoration of its profitability is possible on the basis of the reorganisation plan, setting out the necessary pre-conditions for the success of the plan;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
2) the claim which is transformed by the reorganisation plan is certified and lawful;
3) [repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

4) the best-interest-of-obligees test specified in subsection 2 of § 26 of this Act has been complied with in respect of an obligee who has voted against the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) The reorganisation adviser shall, together with an opinion, also submit a report on activities and expenses to the court.

§ 28. Approval of reorganisation plan which has been accepted

(1) If the affected persons have accepted a reorganisation plan, it is submitted to the court for approval within the term specified in clause 3 of subsection 2 of § 10 of this Act. The voting record and the annexes thereto, and evidence regarding delivery of the draft reorganisation plan and the notice specified in subsection 3 of § 20 are appended to the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) A court approves an accepted reorganisation plan within 30 days after the receipt thereof.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) Upon approval of a reorganisation plan, the court gives an opinion regarding the request of an affected person for refusal to approve the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3^1) If an obligee who voted against the reorganisation plan submitted a request for refusal to approve the reorganisation plan on the ground specified in clause 1^1 of subsection 1 of § 26 of this Act, the court estimates the value of the assets of the undertaking in order to verify whether the request of the obligee is reasoned. In other cases the court does not estimate the value of the assets of the undertaking at its own initiative.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) In order to decide approval of a reorganisation plan, a court may hold a session.

(5) A court may refuse to approve a reorganisation plan and terminate reorganisation proceedings if, on the basis of the request submitted pursuant to § 26 of this Act, the opinion of the reorganisation adviser or other circumstances, it becomes evident that:
1) the undertaking has, after commencement of reorganisation proceedings, conducted transactions outside the regular business activities and violated the notification obligation specified in clause 5 of subsection 1 of § 11 of this Act, thereby damaging the interests of obligees;
2) the undertaking has, upon preparation of the reorganisation plan, violated the duty to cooperate with and assist the reorganisation adviser;
3) the procedure provided in § 12 of this Act has been violated upon publication or communication of the reorganisation notice or the reorganisation notice does not comply with the requirements specified therein;
4) the requirements specified in subsection 3 of § 20 of this Act have been violated upon publication or communication of a notice concerning the draft reorganisation plan, including that the draft reorganisation plan has not been communicated to the affected persons or the notice does not comply with the requirements specified in subsection 5 of § 20;
5) the reorganisation plan does not comply with the requirements provided in § 21 of this Act;
6) the requirements prescribed in § 24 of this Act have not been complied with upon acceptance of the reorganisation plan, in particular, the reorganisation plan has not received the requisite number of votes or the rights of affected persons have been violated upon voting;
7) the best-interest-of-obligees test specified in subsection 2 of § 26 of this Act has not been complied with and an obligee has voted against the reorganisation plan and presented a request for refusal to approve the reorganisation plan on the basis of clause 1^1 of subsection 1 of § 26;
8) formation of groups for acceptance of the reorganisation plan does not meet the prescribed conditions and obligees with sufficiently common interests in the same group have not been treated equally and in a manner proportionate to their claim;
9) groups have not been formed and, on the basis of the reorganisation plan, an obligee is treated substantially less favourably as compared to other obligees;
10) the reorganisation plan prescribes the need for new financing, but new financing is not necessary to implement the reorganisation plan and unfairly damages the interests of obligees;
11) the reorganisation plan has no reasonable prospect of preventing insolvency of the undertaking or ensuring viability of the undertaking.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 29. Request for approval of reorganisation plan which has not been accepted

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) Where the groups of affected persons have not accepted a reorganisation plan, the undertaking, an obligee or the reorganisation adviser may submit a request to the court for its approval.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) The request is submitted within the term specified in clause 3 of subsection 2 of § 10 of this Act.

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) The reorganisation plan, the voting record and the annexes thereto, the opinion of the reorganisation adviser and evidence regarding delivery of the draft reorganisation plan and the notice specified in subsection 3 of § 20 of this Act are appended to the request.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) Where the request for approval of a reorganisation plan which has not been accepted is submitted to the court by an obligee or the reorganisation adviser, the consent of the undertaking to submit a reorganisation plan that has not been accepted to the court for approval must be appended to the request.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) The reorganisation adviser publishes a notice concerning the submission of a request for approval of a reorganisation plan which has not been accepted within the term specified in clause 3 of subsection 2 of § 10 of this Act in the official publication *Ametlikud Teadaanded*and communicates the notice to the affected persons.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 29[1]. Opinion of reorganisation adviser on reorganisation plan which has not been accepted

(1) The reorganisation adviser submits a written opinion on the reorganisation plan to the court at the same time with submission of the reorganisation plan or within the term specified in clause 3 of subsection 2 of § 10 of this Act.

(2) The reorganisation adviser gives a reasoned opinion, *inter alia*, on the circumstances specified in subsection 2 of § 27 of this Act and on whether the conditions for the application of a cross-group cram-down specified in § 36 are met.

(3) Together with an opinion, the reorganisation adviser also submits a report on activities and expenses to the court.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 29[2]. Request of affected person for refusal to approve reorganisation plan which has not been accepted

(1) An affected person who voted against the reorganisation plan may submit a reasoned request to the court requesting that approval of the reorganisation plan be refused and explaining where the material violation of their rights lies if:
1) the best-interest-of-obligees test specified in subsection 2 of § 26 of this Act is not complied with;
2) the condition provided in clause 2 of subsection 1 of § 36 of this Act is not fulfilled;
3) another condition for approval of the plan provided in subsection 1 of § 36 of this Act is not fulfilled.

(2) The request is submitted to the court within 14 days after publication of the notice specified in subsection 5 of § 29 of this Act.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 30. Satisfaction of application for approval of reorganisation plan which has not been accepted

[Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 31. Expert

(1) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4[1]) A court may obtain the opinion of experts at the request of a party to the proceedings or at its own initiative in order to clarify issues relevant to the reorganisation proceedings which require specific expertise, in particular, to estimate the value of the enterprise.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5[1]) Upon appointing an expert, the court specifies in the ruling the amount which the undertaking must pay to cover the remuneration of and expenses relating to the expert as a deposit to the account prescribed for that purpose and the term for payment. Where the request has been submitted by an affected person, the court makes payment of the deposit mandatory for such person.

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5^2) If the amount of money specified by the court for the remuneration of and expenses relating to an expert is not paid as a deposit to the account prescribed for that purpose by the due date, the court denies the request. If the undertaking fails to pay the amount, the court terminates reorganisation proceedings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5^3) Where a court appoints an expert at the request of an affected person, the court may decide that the case costs relating to the appointment of an expert be borne by the affected person who has submitted the request if the affected person has knowingly submitted an unreasoned request.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5^4) The affected person who has submitted the request may file an appeal against a court ruling made on the ground provided in subsection $5^3$of this section.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(6) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 32. Rights and obligations of experts

[Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 33. Remuneration of expert and reimbursement of expenses

[Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 34. Release of expert

[Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 35. Liability of expert

(1) An expert shall be liable for the damage caused wrongfully.

(2) The limitation period for a claim for compensation for damage arising from violation of the obligations of an expert is three years as of the date when the victim became aware of the damage and the circumstances on which the liability of the expert is based, but not more than three years as of the release of the expert.

§ 36. Approval of reorganisation plan which has not been accepted by means of cross-group cram-down

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) A court may approve a reorganisation plan which has not been accepted by the groups of affected persons if the following conditions are met:
1) the conditions provided in subsection 5 of § 28 of this Act are met, except for the condition of the votes in favour provided in subsection 4 of § 24 referred to therein;
2) the reorganisation plan has been approved by at least one group of affected persons, except for the group specified in clause 4 of subsection 2 of § 21 of this Act or another group which would not receive any payment or keep any interest or which could be reasonably presumed not to receive any payment or keep any interest as a result of estimation of the value of the undertaking under the reorganisation plan in case of application of rankings prescribed in the Bankruptcy Act;
3) the reorganisation plan ensures that dissenting groups of affected obligees are treated at least as favourably as any other group of the same ranking and more favourably than any junior group;
4) no group of affected persons may receive more under the reorganisation plan than their total claim against the undertaking.

(2) The rankings provided in clause 3 of subsection 1 of this section are determined on the basis of the rankings provided in the Bankruptcy Act, but this has no impact on the order of payments.

(3) A court may derogate from the provisions of clause 3 of subsection 1 of this section where this is necessary for successful reorganisation.

(4) Upon approval of a reorganisation plan, a court gives an opinion regarding the submitted request of an obligee for refusal to approve the reorganisation plan. If an obligee who voted against the reorganisation plan submitted a request for refusal to approve the reorganisation plan on the ground specified in clause 1 or 2 of subsection 1 of § $29^2$of this Act, the court estimates the value of the assets of the undertaking in order to verify whether the request of the obligee is reasoned. In other cases the court does not estimate the value of the assets of the undertaking at its own initiative.

(5) A court decides whether to approve or refuse to approve the reorganisation plan within 30 days after the expiry of the term specified in subsection 2 of § $29^2$of this Act. The court may hold a session in order to decide on approval of a reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 36^1. Extension of term for submission of reorganisation plan to court for approval and enabling amendment of reorganisation plan

(1) At the request of the reorganisation adviser or undertaking, a court may, with good reason, extend the term for submission of a reorganisation plan for approval or, upon refusing to approve a reorganisation plan, set an additional term during which an amended reorganisation plan must be submitted to the affected persons, a new voting must be organised for acceptance of the reorganisation plan and the reorganisation plan must be submitted to the court for approval. Where the request is submitted to the court by the undertaking, the opinion of the reorganisation adviser on the extension of the term and on whether amendment of the reorganisation plan is reasoned must be appended to the request.

(2) Where a court extends the term for submission of a reorganisation plan for approval or sets an additional term for submission of a reorganisation plan to the court, the total term for submission of a reorganisation plan to the court for approval may not exceed 90 days from commencement of reorganisation proceedings.

(3) The court publishes a notice concerning the extension of the term for submission of a reorganisation plan for approval and concerning the setting of an additional term for submission of a reorganisation plan to the court in the official publication *Ametlikud Teadaanded*. The court communicates the ruling to the undertaking, the reorganisation adviser and the affected persons.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 37. Ruling to approve reorganisation plan

(1) A ruling on approval or refusal to approve a reorganisation plan is communicated to the undertaking and all affected persons. The ruling by which a reorganisation plan is approved is subject to immediate enforcement. An appeal against a ruling on approval of a reorganisation plan has no suspensive effects on the enforcement of implementation of the reorganisation plan.

(2) A court terminates reorganisation proceedings by a ruling on refusal to approve a reorganisation plan.

(2^1) By a ruling on approval of a reorganisation plan, the court also resolves the validity of a measure for interim protection, an enforcement action by a tax authority or seizure of payment account by a tax authority and seizure or prohibition applied in enforcement proceedings in relation to the assets covered by the reorganisation plan.

(2^2) A notice on approval or refusal to approve a reorganisation plan is published in the official publication *Ametlikud Teadaanded*.

(3) Appeals against a ruling on approval or refusal to approve a reorganisation plan may be filed by the undertaking or an affected person who has submitted a request for refusal to approve the reorganisation plan, by filing the appeal directly with the circuit court of appeal. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.

(4) The term for filing appeals against the ruling specified in subsection 3 of this section is 15 days after publication of the notice specified in subsection 2^2in the official publication *Ametlikud Teadaanded*.

(5) Where the filed appeal against a ruling specified in subsection 3 of this section contains deficiencies, the court sets a term for elimination of deficiencies of up to two working days.

(6) Parties to the proceedings have the right to submit a request for accelerating proceedings in case the proceedings on the appeal against a ruling have been conducted by the circuit court of appeal for at least 15 days. A request for accelerating proceedings may also be submitted in case a court postpones the court session for hearing the case by more than 15 days. A request for accelerating proceedings must be resolved by the court immediately.

(7) Upon resolving an appeal against a ruling, the court takes into account the factual implementation of the reorganisation plan. Where an undertaking fails to start implementing the reorganisation plan, it may serve as a ground for granting the appeal of an affected person against the ruling.

(8) The circuit court of appeal and the Supreme Court hear appeals against rulings without undue delay.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

Chapter 5
TERMINATION OF REORGANISATION PROCEEDINGS

§ 38. Bases for termination of reorganisation proceedings

(1) Reorganisation proceedings shall terminate upon premature termination of the proceedings, revocation of the reorganisation plan, implementation of the reorganisation plan before the due date or upon expiry of the term for implementation of the reorganisation plan which is set out in the reorganisation plan.

(2) Upon implementation of a reorganisation plan before the due date, reorganisation proceedings are terminated if the undertaking has performed all the obligations assumed in the reorganisation plan before the expiry of the term for implementation of the reorganisation plan.

(3) A notice concerning termination of reorganisation proceedings is published in the official publication *Ametlikud Teadaanded*.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 39. Premature termination of reorganisation proceedings

(1) Reorganisation proceedings may be terminated prematurely only before the approval of the reorganisation plan.

(2) A court shall terminate reorganisation proceedings prematurely:
1) upon failure to the perform the obligation of an undertaking to cooperate – according to subsection 3 of § 14 of this Act;
2) if the undertaking fails to pay the amount of money specified by the court for the remuneration of and expenses relating to a reorganisation adviser or an expert as a deposit to the account prescribed for that purpose – according to subsection 1 of § 18 or subsection 5^2 of § 31 of this Act;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
2^1) upon failure to perform the duty of an undertaking to cooperate and assist – according to subsection 1^1 of § 20 of this Act;
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
3) due to refusal to approve the reorganisation plan – according to subsection 5 of § 28 of this Act;
4) [repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]
5) upon refusal to approve the reorganisation plan which has not been accepted – according to subsection 2 of § 37 of this Act;
6) on the basis of an application of an undertaking – according to subsection 1 of § 40 of this Act;
7) where the bases for the commencement of reorganisation proceedings cease to exist – according to subsection 2 of § 40 of this Act;
8) upon squandering of the property of an undertaking or damaging the interests of obligees – according to § 41 of this Act;
9) due to the failure to submit the reorganisation plan by the due date – according to § 42 of this Act;
10) upon submission by an undertaking of incorrect information about the claims – according to § 43 of this Act.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 40. Termination of reorganisation proceedings on basis of application of undertaking and where bases cease to exist

(1) An undertaking has the right to submit an application fort the termination of reorganisation proceedings with a court.

(2) A court shall terminate reorganisation proceedings if it becomes evident that the undertaking is permanently insolvent or other bases for the commencement of reorganisation proceedings cease to exist.

(3) An undertaking may file an appeal against a court ruling made on the ground provided in subsection 2 of this section. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) If it appears that the undertaking is permanently insolvent, the court makes a proposal to the undertaking for conducting bankruptcy proceedings in respect of the undertaking. If the undertaking agrees, the reorganisation petition is regarded as a bankruptcy petition. In such case the court terminates reorganisation proceedings and seeks resolution of the bankruptcy petition.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 40[1]. Proceedings on bankruptcy petition of obligee in case of refusal to approve reorganisation plan and termination of reorganisation proceedings

Where a court, on the basis of a bankruptcy petition submitted by an obligee, has postponed the deciding on the appointment of an interim trustee in bankruptcy in accordance with clause 4 of subsection 1 of § 11 of this Act, the court, in case of refusal to approve a reorganisation plan or termination of reorganisation proceedings, continues with hearing the bankruptcy petition of the obligee.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 41. Termination of reorganisation proceedings upon squandering of property or damaging interests of obligees

(1) A court shall terminate reorganisation proceedings if it becomes evident that the undertaking squanders the property thereof or performs a transaction which damages the interests of obligees.

(2) Upon termination of reorganisation proceedings, a court shall ask an undertaking for an explanation concerning the activities of the undertaking.

(3) A court may ask a reorganisation adviser for an opinion on the activities of the undertaking.

(4) An undertaking may file an appeal against a court ruling made on the ground provided in subsection 1 of this section. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 42. Termination of reorganisation proceedings due to failure to submit reorganisation plan by due date

A court shall terminate reorganisation proceedings if an undertaking fails to submit a reorganisation plan to a court for approval within the term specified in clause 3 of subsection 2 of § 10 of this Act.

§ 43. Termination of reorganisation proceedings upon submission of incorrect information about claims

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(1) A court terminates reorganisation proceedings if it becomes evident that the undertaking has submitted incorrect information about the claims.

(2) An undertaking may file an appeal against a court ruling made on the ground provided in subsection 1 of this section. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 44. Consequences of premature termination of reorganisation proceedings

(1) If a court terminates reorganisation proceedings prematurely, all consequences of commencement of reorganisation proceedings retroactively cease to exist, except for the consequences specified in subsection 9 of § 11 of this Act.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) Upon premature termination of reorganisation proceedings, the reorganisation adviser informs the enforcement agent conducting the enforcement proceedings and the tax authority conducting the compulsory enforcement that have been stayed on the basis of clause 1 of subsection 1 of § 11 of this Act and the judge conducting the enforcement proceedings that have been stayed on the basis of clause 3 of subsection 1 of the same section of termination of the reorganisation proceedings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

Chapter 6
IMPLEMENTATION AND REVOCATION OF REORGANISATION PLAN AND BANKRUPTCY PROCEEDINGS FOLLOWING REORGANISATION PROCEEDINGS

§ 45. General consequences of approval of reorganisation plan

(1) Upon approval of a reorganisation plan, the legal consequences prescribed in the reorganisation plan apply to an undertaking and a person whose rights are affected by the reorganisation plan.

(2) [Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) The declarations of intent contained in a reorganisation plan are deemed submitted in the form prescribed by law or an agreement.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) A reorganisation plan does not release a person who bears liability for an obligation solidarily with the undertaking from the performance of their obligation and does not affect the right of an obligee to demand the performance of an obligation, including to deem an obligation to have fallen due in respect of a person who has undertaken suretyship or furnished a guarantee or tangible security to secure an obligation of the undertaking or otherwise bears liability for an obligation solidarily with the undertaking. Where a person who bears liability for an obligation solidarily with the undertaking has performed the obligation, the person has the right of recourse against the undertaking on the basis of the reorganisation plan only to the extent to which the undertaking would be liable for performance of the obligation according to the reorganisation plan and the total sum of payments made to the obligee by the person who bears liability solidarily and the value of payments to be made under the reorganisation plan exceed the initial amount of the claim that the obligee had at the time of approval of the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(5) A reorganisation plan approved by a court is an enforcement document in respect of a claim transformed by the reorganisation plan. If the reorganisation plan prescribes extension of the term for the performance of obligations, a claim shall not be invoked in the reorganisation plan within the specified term.

(6) Subsection 4 of this section also applies to a person who, by a reorganisation plan, undertakes to ensure the obligations of the undertaking for the benefit of the obligees.

§ 46. Preclusion of validity of reorganisation plan

[Repealed – RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 47. Actions and enforcement procedure during term of validity of reorganisation plan

(1) During the term of validity of a reorganisation plan, statements of claim shall not be filed on the basis of the claims to which the reorganisation plan applies.

(2) Enforcement proceedings, compulsory enforcement, court proceedings or other measures specified in § 11 of this Act stayed as a consequence of commencement of reorganisation proceedings are reinstated in respect of a claim to which the reorganisation plan does not apply.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) Enforcement proceedings, compulsory enforcement, court proceedings or other measures specified in § 11 of this Act stayed as a consequence of commencement of reorganisation proceedings continue to be stayed in respect of a claim to which the reorganisation plan applies.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 48. Fines for delay and contractual penalties during validity of reorganisation plan

After the approval of a reorganisation plan, fines for delay and contractual penalties on claims which are not transformed by a reorganisation plan shall be calculated according to the original legal relationship.

§ 49. Bankruptcy petitions during term of validity of reorganisation plan

(1) During the term of validity of a reorganisation plan, a bankruptcy petition cannot be submitted on the basis of a claim to which the reorganisation plan applies.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(2) During the term of validity of a reorganisation plan, a bankruptcy petition is heard in the course of reorganisation proceedings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) A court shall involve a reorganisation adviser exercising supervision over the implementation of the reorganisation plan in the hearing of the bankruptcy petition.

(4) An interim trustee in bankruptcy shall not endanger, by his or her activities, implementation of the reorganisation plan and shall cooperate in every way with the reorganisation adviser exercising supervision.

(5) A reorganisation adviser exercising supervision who has the right to act as a trustee in bankruptcy may also be appointed as an interim trustee in bankruptcy.

(6) If a court establishes that, taking account of the provisions of the reorganisation plan, there is still bases to declare the undertaking bankrupt, the court shall revoke the reorganisation plan and terminate reorganisation proceedings.

(7) The undertaking and the obligee who has filed a bankruptcy petition may file appeals against the court ruling on resolving the bankruptcy petition. A circuit court of appeal resolves the appeal against the ruling by a reasoned ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 50. Supervision over compliance with reorganisation plan

(1) A reorganisation adviser shall exercise supervision over implementation of the reorganisation plan.

(2) A reorganisation adviser submits, at the end of every six months, to the obligees and the court a report which describes the economic situation of the undertaking, implementation of the reorganisation plan and other relevant facts which the obligees may have interest in. The court may impose supplementary obligations on a reorganisation adviser upon exercise of supervision.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) A reorganisation adviser shall inform the undertaking immediately of the facts indicating the insolvency of the undertaking and, in the case of permanent insolvency, the adviser shall also inform the obligees and the court which approved the reorganisation plan of the insolvency.

(4) The obligation of the reorganisation adviser specified in subsection 3 of this section does not influence the liability of a member of the management board or of a body substituting for the management board for failure to submit a bankruptcy petition.

(5) An undertaking shall provide information which the reorganisation adviser requires for the exercise of supervision to the adviser and provide assistance to the reorganisation adviser upon performance of the supervision obligation.

(6) Upon exercise of supervision, §§ 17–19[1] of this Act apply to a reorganisation adviser. The amount of remuneration to be paid to a reorganisation adviser for the exercise of supervision shall be determined by a court once a year at the request of the reorganisation adviser. In the request, a reorganisation adviser must set out the duties that he or she performs upon exercising supervision and how the requested remuneration conforms to these duties.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(7) Appeals against a court ruling made on the ground provided in subsection 6 of this section by which the court has determined the remuneration of a reorganisation adviser for the exercise of supervision may be filed by the undertaking, an obligee or the reorganisation adviser. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 50[1]. Amendment of approved reorganisation plan

(1) A court may, on the basis of a request of the reorganisation adviser or undertaking, amend a reorganisation plan with the consent of the affected person whose rights are requested to be restricted by amendment of the reorganisation plan. A consent of the affected person is not required if the amendment has no material impact on the rights of the person and does not materially damage the interests of the person. Where the request is submitted to the court by the undertaking, the opinion of the reorganisation adviser must be appended to the request. To amend a reorganisation plan, the court amends the ruling on approval of the reorganisation plan.

(2) If it is required and justified for achieving the purposes of reorganisation, a reorganisation plan approved by the court may be amended if there is a need to include in the reorganisation plan claims which existed before the submission of the reorganisation petition and which were initially not included in the reorganisation plan. In such case the provisions of §§ 11–13 and 20–37 of this Act apply to the amendment, acceptance and approval of the reorganisation plan. To amend a reorganisation plan, the court amends the ruling on approval of the reorganisation plan.

(3) A court initiates the amendment of a reorganisation plan specified in subsection 2 of this section at the request of the reorganisation adviser or the undertaking by a ruling to which the provisions of § 10 of this Act concerning reorganisation rulings apply.

(4) A court involves the reorganisation adviser, the undertaking and the persons whose rights are requested to be restricted by the reorganisation plan in the amendment of the reorganisation plan.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 51. Revocation of reorganisation plan

(1) A court shall revoke a reorganisation plan:
1) if the undertaking has been convicted of a bankruptcy offence or a criminal offence relating to enforcement procedure after the approval of the reorganisation plan;
2) if the undertaking fails to perform the obligations arising from the reorganisation plan to a material extent;
3) if, upon expiry of at least one-half of the term of validity of the reorganisation plan, it is evident that the undertaking is unable to perform the obligations assumed in the reorganisation plan;
4) on the basis of an application of the reorganisation adviser if no remuneration is paid for the exercise of supervision;
5) on the basis of an application of the reorganisation adviser if the undertaking fails to provide assistance to the reorganisation adviser upon performance of the supervision obligation or refuses to provide information to the reorganisation adviser which he or she requires for the exercise of supervision;
6) on the basis of an application of the undertaking;
7) if the undertaking is declared bankrupt.

(2) Upon revocation of a reorganisation plan, the consequences of commencement of reorganisation proceedings cease to exist retroactively, except for the consequences specified in subsection 9 of § 11 of this Act. The right of claim of an obligee whose claim was transformed by a reorganisation plan is restored against the undertaking in the initial amount. In such case, all that the obligee has already received in the course of implementation of the reorganisation plan must be taken into account.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(3) Upon revocation of a reorganisation plan, the reorganisation adviser informs the enforcement agent conducting the enforcement proceedings and the tax authority conducting the compulsory enforcement that have been stayed on the basis of clause 1 of subsection 1 of § 11 of this Act and the judge conducting the enforcement proceedings that have been stayed on the basis of clause 3 of subsection 1 of the same section of termination of the reorganisation proceedings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

(4) Appeals against a court ruling made on the ground provided in subsection 1 of this section may be filed by the undertaking or the obligee who has submitted the petition or the reorganisation adviser. An appeal may be filed against a ruling of a circuit court of appeal regarding an appeal against a ruling.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 52. Declaration of bankruptcy

[RT I, 20.06.2022, 1 – entry into force 01.07.2022]
If a reorganisation plan is revoked and the undertaking is subsequently declared bankrupt, the claims of reorganisation advisers, experts and reorganisation advisers exercising supervision regarding their remuneration and reimbursement of their expenses are deemed to be defended.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 53. Consequences of expiry of term for implementation of reorganisation plan

(1) Upon expiry of the term for the implementation of a reorganisation plan, reorganisation proceedings shall be terminated.

(2) After the expiry of the term for the implementation of a reorganisation plan, an obligee may invoke a claim transformed by the reorganisation plan only to the extent which is agreed in the reorganisation plan and has not been fulfilled according to the reorganisation plan.

(3) Upon expiry of the term for the implementation of a reorganisation plan, the obligation of the reorganisation adviser to exercise supervision over implementation of the reorganisation plan also terminates. If the term for the implementation of the reorganisation plan expires, the report specified in subsection 2 of § 50 of this Act shall be submitted for the last time.

Chapter 7

IMPLEMENTING PROVISIONS

§ 54. Amendment of Law of Succession Act

[Omitted from this text.]

§ 55. Options to amend reorganisation plan in connection with emergency situation declared by Government of Republic on 12 March 2020

(1) If it is required and justified for achieving the purposes of reorganisation of an undertaking, a court may, at the request of the reorganisation adviser or the undertaking, suspend the payments under the approved reorganisation plan for up to three months, and this term may be extended by up to three months if necessary. The court shall hear the affected creditors. To amend the reorganisation plan, the court shall amend the ruling on approving the reorganisation plan in accordance with the provisions of § 480 of the Code of Civil Procedure. The reorganisation adviser, the undertaking and the creditors whose rights are affected by the amendment of the reorganisation plan may file an appeal against the ruling.

(2) If it is required and justified for achieving the purposes of reorganisation of an undertaking, a court may, at the request of the reorganisation adviser or the undertaking, amend the reorganisation plan, including such that also new claims which have arisen before or after the submission of the reorganisation application are included in the plan. In such case the provisions of §§ 20–37 of this Act apply to the amendment, adoption and approval of the plan. To amend the reorganisation plan, the court shall amend the ruling on approving the reorganisation plan in accordance with the provisions of § 480 of the Code of Civil Procedure.

(3) If a plan is amended such that new claims are included in the plan, a court shall commence the amendment of the reorganisation plan specified in subsection 2 of this section at the request of the reorganisation adviser or the undertaking by a ruling to which the provisions of § 10 of this Act concerning reorganisation rulings apply. The provisions of §§ 11–13 of this Act apply to the creditors affected by the amendment of the plan.

(4) A court shall involve the reorganisation adviser, the undertaking and the creditors whose rights are affected by the amendment of the plan in the amendment of the reorganisation plan specified in subsections 1 and 2 of this section.

(5) An application for amendment of the reorganisation plan under subsection 1 or 2 of this section may be filed until 31 March 2021.

(6) A rehabilitation plan may be amended in accordance with the provisions of subsections 1 and 2 of this section only if the undertaking has duly complied with the reorganisation plan before the beginning of the emergency situation declared by the Government of the Republic on 12 March 2020.
[RT I, 04.01.2021, 4 – entry into force 05.01.2021]

§ 56. Specifications of appointment of reorganisation adviser and becoming member of Bankruptcy and Reorganisation Section of Chamber

(1) Subsections 3 and 4 of § 15 of this Act apply as of 1 July 2024. Until such time, subsections 3, 4 and 7 of § 15 of this Act in the wording in force until 30 June 2022 apply. The court evaluates that the person has the necessary specialist knowledge for performing his or her duties, whereas the person may also have acquired the appropriate training, qualifications and specialist knowledge while practicing in their profession.

(2) In order to obtain the right to act as a reorganisation adviser, persons who have acted as a reorganisation adviser in at least three reorganisation proceedings during the preceding five years need not pass an examination for reorganisation advisers or undergo training. Proceedings where the reorganisation adviser was released on the basis of clause 3 or 4 of subsection 1 of § 19 of this Act are not taken into account. A person is granted the right to act as a reorganisation adviser upon acceptance into the membership of the Bankruptcy and Reorganisation Section of the Chamber. A person is accepted into the membership of the Bankruptcy and Reorganisation Section of the Chamber on the basis of his or her written application. A person may submit the application until 30 June 2024.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

§ 57. Application of Act to reorganisation petition submitted before 1 July 2022

If a reorganisation petition is submitted before 1 July 2022, this Act in the wording in force until 30 June 2022 applies to the reorganisation proceedings.
[RT I, 20.06.2022, 1 – entry into force 01.07.2022]

[1]Directive (EU) 2019/1023 of the European Parliament and of the Council 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, and amending Directive (EU) 2017/1132 (OJ L 172, 26.6.2019, p. 18–55). [RT I, 20.06.2022, 1 – entry into force 01.07.2022]