

Directive (EU) 2019/1023

# Preventive Restructuring in the Baltics

Three jurisdictions. One European framework. Three implementation routes.

**EE**

## Estonia

Amendments to the reorganisation framework. Court involvement remains central.

**LV**

## Latvia

Further development of existing Legal Protection Proceedings.

**LT**

## Lithuania

2021 reforms with stronger plan logic and early warning tools.



The relevant question is how the same EU framework translates into local restructuring practice.

# One Directive - Minimum Harmonisation

Directive (EU) 2019/1023 sets minimum standards for preventive restructuring frameworks, while leaving room for national design choices.

## Access before formal insolvency

The framework is intended to make restructuring available before a viable business reaches formal insolvency.

## Negotiation space

A stay of individual enforcement actions can support negotiations with creditors.

## Plan architecture

Creditor classes, plan voting, court confirmation and financing protection shape the practical tool.



The European logic is similar. The decisive differences sit in the national design.

# Estonia: adapting existing proceedings

## Legal route

Estonia transposed the Directive in 2022 through amendments including the Reorganisation Act, Bankruptcy Act and Commercial Code. For legal persons, the core procedure remained the saneerimismenetlus.

## Key points

- access where future insolvency is likely, but permanent insolvency has not yet occurred
- the court and the restructuring adviser remain closely involved
- a stay is initially available for up to four months, with possible extension
- cross class cram down is possible, subject to judicial safeguards

## Practical profile

Comparatively formalised and court integrated.

# Latvia: building on Legal Protection Proceedings

## Legal route

Latvia builds on existing Legal Protection Proceedings and out of court Legal Protection Proceedings. Implementation therefore focused on adapting the insolvency and procedural framework.

## Key points

- debtor in possession logic: management generally remains in control
- the restructuring plan is central, and out of court preparation allows prior creditor coordination
- court confirmation gives the procedure and the plan binding effect
- stronger emphasis on prevention, financing protection and creditor coordination

## Practical profile

An evolutionary reform of an existing rescue tool.

# Lithuania: technical reform with a court focus

## Legal route

Lithuania implemented key elements in 2021 through amendments to the Law on Insolvency of Legal Entities. A preventive restructuring framework already existed, and the access test was refined towards likely insolvency.

## Key points

- an early warning system for SMEs was introduced in 2021
- cross class cram down was expressly regulated
- protection for new and interim financing was strengthened
- restructuring remains primarily a court procedure rather than a broad confidential out of court model

## Practical profile

Modernised plan logic, but still strongly court centric.

# Three implementation routes

The Directive creates a shared direction, not a uniform procedure.

	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>
<b>Approach</b>	amendment of existing reorganisation rules	development of existing LPP structure	changes to legal entity insolvency law
<b>Access</b>	likely future insolvency	financial difficulties, plan based	likely insolvency
<b>Control</b>	court plus restructuring adviser remain central	management generally remains in control	court restructuring remains central
<b>Profile</b>	formalised	evolutionary	court centric with early warning



Same EU logic, different operational routes. That is what matters in cross border restructuring.

FOLLOW FOR MORE

# Restructuring does not evolve in isolation.

The Baltic implementation of the EU preventive restructuring framework shows how much national design still matters.

## Stay connected

Follow Klauberg BALTICS for further updates on insolvency and restructuring developments across Estonia, Latvia and Lithuania.

## Join the conversation

How are restructuring tools, creditor expectations and insolvency trends evolving in your market?

Sources: Directive (EU) 2019/1023; INSOL Europe/LexisPSL; Oxford Law Blog; DLA Piper.