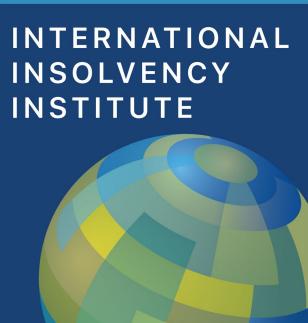
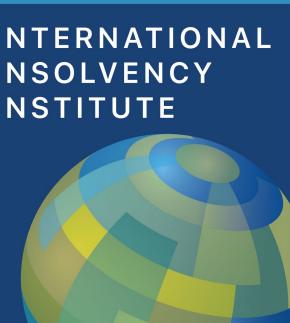
~Norway ~ Recent amendments to insolvency law and their significance

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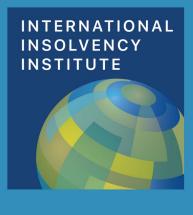
New legislation

- Reconstruction Act 2020
- New Chapter in the Bankruptcy Act

Insolvency climate • Covid-19 aid and effects

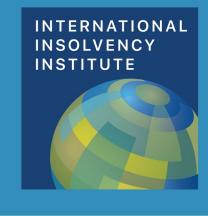








- distress caused by the Covid-19 pandemic
- enacted on 11 May 2020 • aimed to help viable businesses escape • temporary, in force until 1 July, 2023
- permanent act in the future?





- replaces previous legislation on debt negotiations
- considered improvement; more tools and flexibility
- more comparable to US Chapter 11





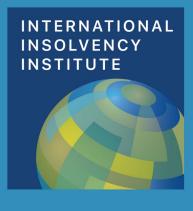


Main elements (part 1):

- lower threshold for petition
- "debtor in possession", appointed reconstructor
- "DIP financing", super priority loan

better debt to equity conversion possibility



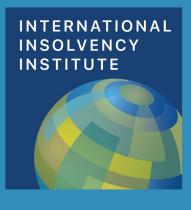




Main elements (continued):

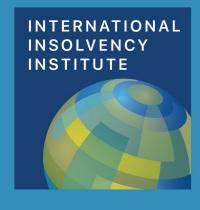
- tax/VAT claims no priority • no minimum dividend requirement lower cram-down threshold







- payment deferrals
- write-off of debt



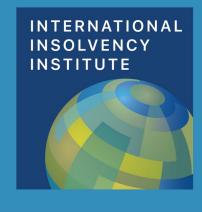
Reconstruction plan must be a better alternative than liquidation, and may only include (part 1):

• debt to equity conversion, in whole or in part



liquidation, and may only include (continued):

- a sale of the business operations and assets, in part or in full, without liquidating the company
- a sale of the business operations and assets, in part or in full, with a write-off of excess debt
- a combination of the above, and possibly in combination with other measures



Reconstruction plan must be a better alternative than



- 44 proceedings opened between 12 May, 2020 and 31 August, 2022
- Experiences

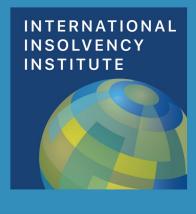






- enacted 1 July, 2021
- recognition and handling of cross-border insolvency matters

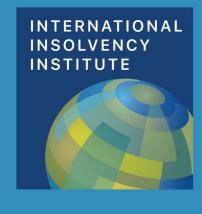






Bankruptcy Act, new chapter

- limited legislation previously, only case-law establishing requirement of mutual agreement
- Nordic Convention sole mutual agreement





Key conditions for recognition of foreign main proceedings:

- must be opened in debtor's COMI
- collective
- debtor deprived of control of means
- reciprocity



handled by appointed insolvency practitioner

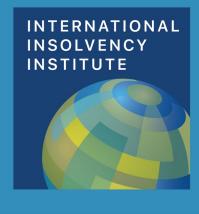




Bankruptcy Act, new chapter

Key conditions for recognition of foreign main proceedings (continued):

- must be opened in debtor's COMI
- collective
- handled by appointed insolvency practitioner
- • debtor deprived of control of means
- reciprocity





Ancillary proceedings:

- Norway
- assets in Norway only
- Norwegian business operations



conditioned by location and registration in

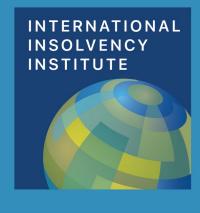
creditor petition only if claim connected to





Bankruptcy Act, new chapter

- Ancillary proceedings (continued):
- Norway
- assets in Norway only
- Norwegian business operations



conditioned by location and registration in

creditor petition only if claim connected to



Scope:

- \bullet exempt
- in foreign proceeding
- several issues to be solved by Norwegian law • limitations to enforcement of decisions made • legal protection, announcement



private individuals and financial institutions





Scope (continued):

- exempt
- in foreign proceeding
- several issues to be solved by Norwegian law • limitations to enforcement of decisions made • legal protection, announcement



private individuals and financial institutions





Experiences so far:

- case law before and after enactment
- expectations









- government payouts
- tax/VAT deferrals
- as of end June, 2022: Tax authorities had totalling approx NOK 2,24 billion (USD 227 million)



approx. 5650 downpayment agreements





Covid-19 Government Aid

- Payment deferrals
 New agreements with first instalments 31 May, 2022 and last instalments by 30 December, 2022
- Probable increase in bankruptcies

