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Putin proposes changes to the law on bankruptcy

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BODY:
The Law on Insolvency should provide for an early **bankruptcy** termination procedure, President Vladimir **Putin** said in a letter sent to the State Duma upon vetoing the law passed by the lower house and approved by the upper house.

The president thinks that the debtor's property owner is entitled to meet all the creditors' requirements at any time before the expiry of the external management terms in order to get the proceedings related to the **bankruptcy** case discontinued.

The law on insolvency defines a method for the early termination of the state of **bankruptcy,** in accordance with which the debtor's property owner is obliged to notify the external manager and the creditors in writing of the beginning of the procedure of satisfying the creditors' requirements. The president's edition of this provision stipulates, "Monetary resources are deemed provided to the debtor on terms of an interest-free loan agreement, the timeframe of which is determined at the moment of claim but not before the expiry of the period for the duration of which the external management procedure was introduced."

Vladimir **Putin** also proposes naming the bodies authorized to regulate the conduct of the **bankruptcy** procedures. Regulation should be vested in a federal body of executive power that is in charge of supervising the activity of self-regulating organizations of external managers appointed by courts of arbitration.

As regards authorized bodies, the law should name as such "federal bodies of executive power authorized by the government to represent in the course of **bankruptcy** procedures the Russian Federation requirements related to obligatory payments and monetary obligations," the president's letter reads.

Besides, bodies of executive power of the federal constituents, local government bodies authorized to make claims related to monetary obligations of respective federal constituents and municipalities can act as entities authorized to participate in the conduct 0f **bankruptcy** procedures.

The president considers it necessary to insure the liability of the externally appointed manager. "The agreement on liability insurance is recognized as a form of financial backing of the liability of the externally-appointed manager and must be concluded for a term not shorter than 12 months with its mandatory prolongation for the same period of time."

"The minimum amount of financial support (the insurance premium under an insurance agreement) cannot be less than three million roubles a year." Within ten days from the date of the approval of the externally-appointed manager by the court of arbitration, the manager is obliged to have an additional liability insurance policy taken out regarding the event of causing damage to persons engaged in a **bankruptcy** case. The amount of the insurance sum depends on the balance sheet value of the debtor's assets, varying for the balance sheet values between 100 million and 300 million roubles; exceeding 300 million roubles, and over one billion roubles.