Business Reorganisation Assessment

Greece

European Bank
for Reconstruction and Development

Special thanks to:

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Part A

General Information

Macro Data

10.460	2.5%	US$ 23,170	€ Euro – EUR	22%	4.1%	6.3%
Population (million)[1]	GDP growth rate[1]	GDP per capita[1]	Currency	Corporate tax rate[2]	Inflation rate[1]	Unemployment rate[1]

Insolvency Legislation

The primary legislative text governing insolvency and restructuring proceedings for legal entities, entrepreneurs and consumers in Greece is the **Debt Settlement and Facilitation of a Second Chance Law** No. 4738/2020, published in the Official Gazette 207/A/27-10- 2020 and amended by the **Law 4818/2021**, **Law 4821/2021**, **Law 4972/2022**, **Law 5024/2023** and **Law 5043/2023** (the Insolvency Law). The Insolvency Law came into force on 1 March 2021, however the provisions with respect to early warning tools and the out-of-court debt settlement procedure were only effective from 1 June 2021. Relevant secondary legislation includes the **Ministerial Decision 26400** (Official Gazette 865/B/5-3-2021) regarding the content of expert reports required for the ratification of a rehabilitation agreement under Article 48 of the Insolvency Law and **Ministerial Decision 4009 EX** (Official Gazette 61/B/13-2-2022) prescribing the means by which Borrower Information and Support Centres, established by **Law 4389/2016**, act as early warning mechanisms.

Directive (EU) 2019/1023 (the Restructuring Directive) 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 was transposed into national legislation with the Insolvency Law.

Insolvency Data

Data on pre-insolvency rehabilitation procedures and insolvency cases has been available since March 2021 in the **Electronic Solvency and Reorganisation Register** managed by the **Special Secretariat for the Administration of Private Debt** (the Secretariat). The Electronic Insolvency and Reorganisation Register is public and available free of charge. It does not contain historic data prior to March 2021 and includes consumer and business insolvency data without the possibility to filter between the two. Data on the number of declared bankruptcies (insolvent liquidations) for 2020 (based on the previous legislation in force) and 2021 can be accessed on the website of the **Hellenic Statistical Authority**. The Hellenic Statistical Authority does not collect data on rehabilitation procedures. Data on the use of the out-of-court debt settlement procedure is available **here** and published by the Secretariat in the form of PDF reports. Data available from June to November 2022 indicates that there were 2,290 out-of-court debt settlement applications.

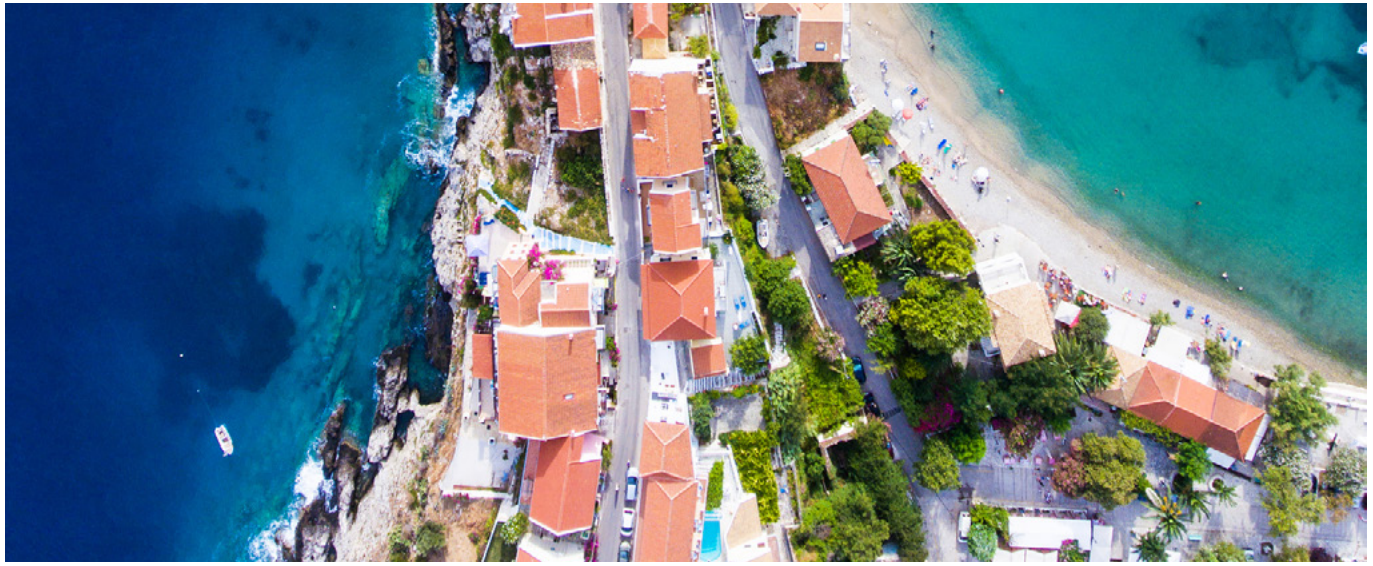
Type of court decision	2020	2021	2022	2023
Number of court decisions ratifying the rehabilitation agreement (pre-pack)	N/A	2	24	29
Number of court decisions rejecting an application to ratify a rehabilitation agreement	N/A	0	3	4
Number of court decisions declaring bankruptcy of the debtor	57[3]	53[3]	497[4]	797[4]

[1] **IMF – Source as of October 2023:** www.imf.org/en/Countries/GRC#countrydata

[2] **PWC – Source as of August 2023:** taxsummaries.pwc.com/greece/corporate/taxes-on-corporate-income

[3] Data retrieved by the reports published by the Hellenic Statistical Authority including only declared bankruptcies for legal persons and entrepreneurs.

[4] Data retrieved by the **Electronic Solvency and Reorganisation Register as at 31 December 2022** and between 1 January 2023 and 31 October 2023 and including declared bankruptcies of natural persons.



Company Information

The Greek company law framework is governed mainly by the Civil Code and the Civil Procedure Code. The applicable legislation depends on the legal form of the corporate entity: **Law No. 4548/2018**, published in the Official Gazette 104/A/13- 06-2018 and as amended applies to limited liability companies of the type of a *société anonyme*; **Law No. 3190/1955**, published in the Official Gazette 91/A/16-4-1955 and as amended applies to limited liability companies; and **Law No. 4072/2012**, published in the Official Gazette 86/A/11-4-2012 and as amended, and applies to partnerships, joint ventures and private companies.

The **General Electronic Commercial Registry** (GEMH) gathers and centralises information contained in separate registries in relation to the legal forms of different enterprises. The website enables users to search for registered entities by name free of charge and contains detailed corporate information, including whether a commercial entity is in insolvency proceedings. The Insolvency Law provides for the interoperation and exchange of information between public sector databases, including the GEMH and the Electronic Solvency and Reorganisation Register, but this is not yet effective. The GEMH is therefore not updated in real-time.

Any insolvency-related court decisions must be notified to GEMH for registration in the relevant company's files. The GEMH and the competent Greek court(s) can issue certificates of solvency in relation to legal entities or individuals following an electronic application, subject to payment of a low fee (currently €5).

Insolvency Courts, Regulatory Authorities and Practitioners

Insolvency courts are courts of general jurisdiction (first instance district courts and magistrates' courts for small size insolvencies). The competency of the court is established based on the location of the debtor's legal seat of operations in the case of legal entities, or the main residence in the case of individuals without commercial capacity (i.e. non-merchant debtors). Insolvency cases before the courts of general jurisdiction follow a special procedure under the Code of Civil Procedure. There are no specialised insolvency judges. Nevertheless, in insolvent liquidation (bankruptcy) proceedings a rapporteur judge (insolvency judge) is appointed to supervise the procedure and in the first instance courts of Athens, Piraeus and Thessaloniki, such judges are appointed to act as insolvency judges exclusively for any insolvency and liquidation cases for a two-year period by a decision of the court's plenary session. In the other first instance courts, the insolvency judge is appointed by the decision declaring the insolvency of the debtor. The joint regulatory authorities for insolvency proceedings are the Ministry of Justice and the Ministry of Finance. Financial experts acting in the pre-insolvency rehabilitation procedure can be either natural or legal persons, who professionally offer financial advisory services, belonging to one of the categories described in Article 66 of the Insolvency Law. All insolvency practitioners' should be certified by the Insolvency Management Committee which operates under the supervision of the Special Secretariat for Private Debt Management and such practitioners can be either a certified natural person or a law firm, audit firm or consulting firm that engage at least one certified individual or an association of certified individuals (Articles 227 and onwards). Insolvency practitioners must be registered on a list maintained by the Ministry of Justice and published on the Ministry's **website**.

In addition to the courts, the **Secretariat**, an independent public service operating under the Government's Council for Private Debt Management and supervised by the Ministry of Finance, oversees an out-of-court debt settlement procedure described below. The Secretariat has the following responsibilities: it assists in the planning and implementation of the national strategy for the organisation of an integrated mechanism for the effective management of private debt and the avoidance of over-indebtedness; it helps to formulate the strategy for dealing with the problem of non-performing private loans and management of private debt in general; and it develops guidance and proposals for the improvement of existing legislation governing the management of private debt.

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Part B

Business Reorganisation

Are there any incentives to conduct a reorganisation?

Yes, Articles 170 and 171 provide for certain tax exemptions that apply to the out-of-court debt settlement procedure and the pre-insolvency rehabilitation procedure. In particular, income generated as a result of the write-off or restructuring of a debtor's debt is not considered a gift or otherwise a taxable income. This provision applies for both the out-of-court debt settlement procedure and the pre-insolvency rehabilitation procedure, and to debtors that are legal persons or entrepreneurs exercising a business activity. Any profit generated from the transfer of the debtor's assets pursuant to a pre-insolvency rehabilitation agreement is exempt from income tax for natural and legal persons. Furthermore, any transfers or partial transfers and any related act pursuant to a contract concluded in the context of an out-of-court settlement agreement or a pre-insolvency rehabilitation agreement, are exempt from stamp duty and any other indirect tax or fee, excluding VAT which remains payable. Claims under an out-of-court settlement agreement or a pre-insolvency rehabilitation agreement may be written off for tax purposes and the relevant amount deducted as business expenses (Article 170-5 of the Insolvency Law and Article 26 par. 4-c of Law No. 4172/2013). Every contract relating to the sale of the business or the partial sale of the business in the context of a pre-insolvency rehabilitation agreement is exempted from any tax, fee or right of the state or third party or stamp duty, excluding VAT which remains payable. The fees of notaries, lawyers, bailiffs and land registrars for any contract concluded in an out-of-court settlement agreement or a pre-insolvency rehabilitation agreement are capped at 30 per cent of the legally determined amount.

The available reorganisation procedures under the Insolvency Law are not mandatory procedures, in the sense that the debtor does not need to go through a reorganisation procedure before it can enter into an insolvent liquidation procedure (bankruptcy). In addition, a debtor cannot file for an out-of-court debt settlement if an application for rehabilitation or insolvent liquidation has already been filed for ratification before the competent court. The court does not ratify the rehabilitation agreement if it considers that the rehabilitation plan does not remedy the debtor's cessation of payments, in which case, the court rejects the pre-insolvency rehabilitation application and declares the debtor bankrupt, provided that an insolvency petition is pending (Article 54 par. 4). If no insolvency petition is pending, but the court ascertains the debtor's cessation of payments, the decision rejecting the ratification of the rehabilitation agreement is notified, with the care of the court's secretary, to the First Instance Court public prosecutor, in order to decide whether to submit an insolvency petition. (Article 54 par. 4). The debtor cannot request the conversion of a declared insolvent liquidation into a reorganisation procedure.

What is the nature and purpose of the reorganisation procedure(s) for businesses?

Pursuant to the Restructuring Directive, Part 1 of the Insolvency Law (Prevention of Insolvency) establishes a procedure for business debtors to access clear and transparent early warning tools, which can identify circumstances that may lead to insolvency, as well as inform the debtor of the need to take immediate steps.

There are two types of reorganisation procedures under the Insolvency Law: the out-of-court debt settlement procedure (Εξωδικαστικός Μηχανισμός Ρύθμισης Οφειλών) and the pre-insolvency business rehabilitation procedure (Διαδικασία Εξυγίανσης), which are described below. Click **here** for an overview of these procedures. Currently, there are no special reorganisation procedures provided in insolvency legislation for specific types of companies that are strategically important to the economy. However, a special law was introduced in 2022 (**Law 4965/2022**) granting the authorisation to the Minister of Development to execute on behalf of the Greek State and the Social Security Fund (e-EFKA) the rehabilitation agreement of Elefsina Shipyards.

References to Articles are to Articles of the Insolvency Law, unless specified otherwise. For an explanation of technical terms, please see the **Glossary of the Main Assessment Report**

Out-of-court debt settlement procedure

The out-of-court settlement procedure is limited to debt write-offs and rescheduling of bank and public debt (either on a multilateral or a bilateral basis) and is available for both legal and natural persons, including consumers and entrepreneurs. It is a confidential, non-judicial process which aims to help participating creditors to formulate proposals for settling the debtor's debts and to help the debtor to avoid insolvency. This procedure is available at the request of the debtor or its creditors (Article 5). The procedure is limited to debt write-off and rescheduling only and is confidential. Participating creditors must all be financial institutions, the tax authorities or pension funds. Furthermore, tax and public creditors are bound by the settlement agreement, even if they did not participate in the negotiation process, subject to specific conditions provided in the law (Articles 21 and 22).

Individuals or legal entities eligible to be declared insolvent may apply for an out-of-court settlement of their monetary liabilities towards the Greek State or financial and social security institutions provided they do not fall within certain exclusions (e.g. debts should exceed the amount of €10,000) (Article 7). The procedure may also be initiated by a creditor inviting the debtor to apply for the procedure within 45 days (Article 8). Once a final application is made, creditors which are financial institutions are invited to submit proposal for restructuring to the debtor and if they decline, they should justify their rejection of the debtor's application (Article 14 and 16).

If the out-of-court confidential settlement procedure is not successful, meaning that the offer to provide a plan is rejected or the amended obligations under the plan are not met, initiation of other pre-insolvency or insolvency proceedings is not automatic, but is highly likely.

Pre-insolvency rehabilitation procedure

This is a collective pre-insolvency procedure designed to maintain, utilise, restructure and restore a debtor's business by ratifying a rehabilitation agreement, subject to respecting the "no creditor worse off" principle. The procedure provides for the restructuring of the debtor's assets, liabilities and business, which potentially includes the transfer of the business under a mechanism that overcomes resistance from shareholders (Articles 31 and 64). Any natural or legal person (a debtor) which conducts business activities, has the centre of their main interests in Greece and is in a state of present or threatened impossibility of fulfilling their outstanding financial obligations (insolvency) is eligible for this procedure (Article 32). A business is deemed insolvent when the debtor is unable to fulfil its overdue financial obligations in a general and permanent way (Article 77). The debtor may also submit an application for its declaration of insolvency if it foresees an imminent inability to fulfil its financial obligations when they become due and payable (threatened cessation of payments)

The procedure is based on the presentation of a pre-packaged rehabilitation plan, pre-agreed between the debtor and its creditors out-of-court, to the court for ratification. The application for its ratification by the court is submitted either by the debtor or a contracting creditor (Article 44). The procedure is opened following the request to the court for ratification of the plan.

To what extent the court is involved?

Out-of-court debt settlement procedure

There is no court involvement in the out-of-court settlement procedure and applications are filed digitally with the Secretariat through an electronic platform. The debtor or the creditors can initiate the procedure via an application to the platform, which can also be used to submit all the necessary documents, including any proof of debts. The filing of the application by the debtor results in an invitation to creditors to submit a restructuring proposal. Alternatively, the debtor may opt for an automated restructuring proposal, which is generated automatically by the system using an algorithm.

Under this procedure, the Insolvency Law also provides for a mediation procedure. In particular, in the cases of termination of the out-of-court settlement procedure as unsuccessful and of the drafting of a bilateral debt restructuring agreement, in accordance with Article 24, in relation to the debts to the financial institutions, the debtor may, within 10 calendar days of termination of the procedure, submit a request for mediation. If this request is accepted by the majority of the financial institutions in terms of the value of the relevant claims, then in terms of the entities that satisfy the definition of very small (micro) entity of Law 4308/2014 (A' 251), the mediation responsibility can be undertaken by any accredited mediator of Law 4640/2019. In any other case, the responsibility is assumed by an accredited mediator, who possesses certification of completion of special training in financial mediation. In the event that, despite the lapse of 60 days from the date of submission of the request, the signing of a restructuring agreement between the creditors and the debtor has not been achieved, the procedure is deemed to have terminated.

Pre-insolvency rehabilitation procedure

A pre-insolvency rehabilitation procedure is a hybrid procedure as there is minimal court involvement. A rehabilitation agreement must be ratified by the court through a simplified procedure (Article 41). A plan can only be ratified if the court considers probable, including: a) that the "no creditor worse off" principle is met with regard to debtors who either object to its ratification (a rehabilitation agreement can be approved solely by the creditors, Articles 34 and 54) or whose consent can be presumed in accordance with Article 37 par. 2 (Article 31 and Article 54 par. 3b); and b) that the rehabilitation plan constitutes a reasonable prospect of ensuring the viability of the debtor's business, as restructured by the plan.

Does the debtor remain in possession?

Out-of-court debt settlement procedure

Yes, the debtor remains fully in possession of the business and there is no monitoring of the debtor's operations. No insolvency practitioner is appointed. However, for 10 days following the submission of settlement proposals by the creditors, the debtor may submit a request for mediation. A mediator may be appointed if this request is accepted by the majority of financial institutions (by value of relevant claims).

Pre-insolvency rehabilitation procedure

In general, yes. However, subject to a request by the debtor or a creditor and following the submission for ratification of the rehabilitation plan, the court or the president of the court has the discretionary power to appoint an insolvency practitioner (special trustee) with the power to exercise some or all of the management powers of the debtor (Article 55). The special trustee is an individual from the ones registered in a dedicated list available in the Electronic Solvency Register and the debtor or the creditors can propose that a particular insolvency practitioner is appointed (Article 45 (f)) while anyone having a legitimate interest may request replacement of the practitioner under the general interim measures procedure. The related court decision provides specifically for the permitted special acts by the practitioner for the safeguarding of the debtor's property, the carrying out of special administrative acts, the signing of executive contracts of the rehabilitation plan and the supervision of the implementation of its individual terms and it specifically defines the actions that the special representative can perform and the duration of the mandate, which cannot exceed the duration of the term of the plan.

Who are the parties and what is the content of the plan?

Out-of-court debt settlement procedure

The procedure is only available for debts towards the Greek State, social security institutions and financial institutions; all other creditors, including secured creditors which are not in such categories, are excluded from the procedure and their claims cannot be affected. Preferred creditors (i.e. social security institutions) can participate in an out-of-court settlement agreement. The definition of preferred creditors includes creditors with general, special and super privileges as per the generally applicable related provisions of Greek Law, and in particular of Article 975 and following of the Greek Code of Civil Procedure. The procedure is limited to debt write-off and rescheduling only. This is not explicitly provided for in the law, but it derives from the related law provisions if seen as a whole (e.g. Articles 26, 27 and 28). It is also consistent with the confidential nature of the procedure and its being limited to financial institutions and public creditors and the exclusion of any involvement (even at the level of provision of information) of shareholders or employees of the debtor. Accordingly, a debt settlement plan could not provide for a debt-for-equity swap or employee dismissal. There is no express maximum time limit for the implementation of the settlement agreed with the exception of the repayment schedule of debts owed to the Greek State and social security institutions, according to which the repayment schedule cannot exceed 240 disbursements (Article 22).

Pre-insolvency rehabilitation procedure

All creditors can participate in a pre-insolvency rehabilitation agreement, including both secured and preferred creditors (as defined above). However, the rehabilitation procedure does not provide the debtor with an ability to dismiss employees.

A pre-insolvency rehabilitation agreement may include, among others, the change in the terms of the debtor's obligations without limitation, including current or concluded arrangements with state bodies or social security authorities. This change may indicatively consist of a rescheduling or restructuring of claims including: a reduction (haircut) of the claims; deferral of repayment; modification of the conditions under which their early repayment may be requested; change of the interest rate; replacement of the obligation to pay interest with the obligation to pay part of the profits; replacement of claims with convertible or non-convertible bonds issued by the debtor; or the obligation of the secured creditors to accept the change of a mortgage or pledge order in favour of new creditors of the debtor and the capitalisation of the debtor's obligations by issuing shares of any kind or, as the case may be, corporate shares (Article 39) while such debt to equity conversion agreement does not require at that point the approval of the shareholders. However, in practice, their approval will be required at the time of the per se conversion of the debt into equity as this procedure under Greek corporate law normally requires a resolution of the general meeting of a company's shareholders, as in the case of limited companies (société anonymes) (Article 117 par. 1a of Law 4548/2018). However, a special agent may be appointed by order of the insolvency court to vote in place of shareholders who hold out abusively against the implementation of the plan. Further, in the case of an involuntary rehabilitation procedure imposed by the required majority of creditors against a debtor being in cessation of payments, then the prior approval of shareholders approval is not required.

There is no maximum time limit by law for implementation of a ratified rehabilitation plan.

Is there any applicable stay or moratorium?

Out-of-court debt settlement procedure

Yes, from the filing of an out-of-court final settlement application, up until the termination of the procedure, an automatic moratorium to any enforcement actions and measures against the debtor is imposed on the participating creditors. This includes a stay on participating secured (Articles 18 and 19) and preferred creditors. Further, on approval of the settlement agreement, the moratorium continues for the duration of the settlement agreement with respect to parties to that settlement agreement.

Pre-insolvency rehabilitation procedure

Yes, there is an automatic suspension to any enforcement actions and measures against the debtor which applies to all creditors, including secured and preferred creditors, from the submission of the rehabilitation agreement to court until the ratification of such agreement (Article 50). However, such automatic suspension cannot affect the rights from an agreement to provide financial collateral (within the meaning of Article 2 of Law 3301/2004) or by a netting clause within the meaning of the same provision, regardless of whether the netting clause is contained in an agreement to provide financial collateral or an agreement to which the agreement to provide collateral is a part, as well as the rights of the assignee of a claim assigned by the debtor to the creditor to be secured or satisfied by the proceeds of the collection. Also, the right to terminate and return the leased property, in the case of a lease contract, and any rights stemming from leasing agreements, are not affected, as long as the debtor is in default in paying six or more monthly rents (Article 52 par. 2). In addition, exceptions may be made to the preventive measures ordered by the court if there is an important social reason, such as in order to pay a creditor sums that are necessary for the sustenance of the debtor's household or to satisfy the sustenance obligations of other persons. Finally, employees' claims for wages are not covered by the automatic suspension unless the court extends to these claims for an important reason, and for a certain time specifically mentioned in the decision.

The automatic suspension cannot exceed four months and is only applied once per debtor. Extension of the suspension can be requested by the court upon application by anyone with a legitimate interest and the court may order any measure it deems necessary to prevent any change to the debtor's property or reduction in its value detrimental to the creditors (e.g. prohibition of any disposal of assets by or to the debtor, suspension of individual prosecutions by creditors, or appointment of a trustee). Such extension of suspension does not apply to secured creditors with respect to enforcement on assets over which they have obtained collateral (Article 50 par. 2 and Article 86). In any case, the preventive measures, including any extension thereof, cannot exceed a period of 12 months in total (Article 52 par. 1).

The suspension and preventive measures may be ordered even before the filing of an application for the ratification of the rehabilitation agreement, following an application by the debtor or creditor, provided that the applicant submits a written statement of creditors that represent at least 20 per cent of the total claims against the debtor that participate in negotiations to reach an agreement and meet the conditions of an emergency or imminent risk according to the provisions of Article 682 and following sections of the Code of Civil Procedure. The preventive measures ordered in accordance with this paragraph or any temporary order issued are valid until the filing of the application for validation and in any case up to a maximum of four months in total from their granting in any way, in which case they cease automatically to be valid - their extension being prohibited - and are only applied once per debtor. An extension can be granted if there is a duly justified circumstance, including: progress in the discussions among the parties; the extension not unreasonably harming the interests of any party; and no discussion regarding an insolvency proceeding being initiated. The total duration of the stay as a result of an extension may not exceed six months (Article 53).

Is business continuity protected?

Out-of-court debt settlement procedure

Yes. The out-of-court debt settlement procedure does not provide the debtor with an express ability to dismiss employees. There are no special protections in the Insolvency Law for essential contracts or against third party termination clauses due to the debtor entering this procedure. However, the law provides that an application to initiate an out-of-court settlement should not constitute a ground for termination of executory contracts (Article 13). The procedure is limited to debt write-off and debt rescheduling and there are no provisions governing explicitly new financing for the debtor's business. However, actions that took place with the agreement or in execution of an out-of-court settlement agreement are protected against avoidance actions in possible future insolvent liquidation proceedings (Article 120).

Pre-insolvency rehabilitation procedure

Yes. The rehabilitation procedure does not explicitly provide the debtor with an ability to dismiss employees. The Insolvency Law foresees that the rehabilitation agreement cannot affect vested rights to professional pensions, the right to collective bargaining and labour mobilisation of employees, the right to information and consultation in accordance with Directive 2002/14/EC and Directive 2009/38/EC, and the rights guaranteed by Directives 98/59/EC, 2001/23/EC and 2008/94/EC. In the case of change of a company's ownership, the employees are not affected by the mere fact of such change at a shareholders' level.

Without prejudice to the provisions of Law 3301/2004, the Insolvency Law provides that an application for entering into the procedure, its acceptance by the court, as well as the submission of an application for preventive measures and their acceptance do not constitute grounds for termination or modification of pending agreements in a manner detrimental to the debtor by virtue of relevant contractual clauses (Article 44). In addition, the court may prohibit the termination of contracts which it considers essential for the operation of the business until the rehabilitation agreement has been ratified or rejected (Article 50 par. 4).

The priority status of interim or new financing is protected by the legislation in case the debtor is declared bankrupt. Interim financing refers to the interim period from commencement of proceedings until ratification of the rehabilitation plan and new financing refers to post-ratification financing. Both must be referred to in the rehabilitation agreement. In particular, following the declaration of the debtor's insolvent liquidation and at the stage of liquidation of its estate for distributing it to its creditors, creditors that provided interim or new financing rank in the 'general privileges' category, before all unsecured creditors but after administration costs, super-privileged or secured claims and certain secured creditor claims, and rank equally (pari passu) with public creditors that enjoy a general privilege or security (Article 167.2(a)). Interim or new financing is protected against avoidance actions in possible future insolvent liquidation proceedings (Article 120).

Does the law recognise separate classes of creditors for voting purposes?

Out-of-court debt settlement procedure

Yes, the Insolvency Law distinguishes between financial institution creditors with a special privilege (e.g. secured) claim and with unsecured claims (Article 14). Adoption of the settlement agreement requires the agreement of the majority of all participating creditors and the approval of at least 40 per cent of all secured participating creditors by value.

Pre-insolvency rehabilitation procedure

Yes, the Insolvency Law recognises two classes of creditors for voting purposes: secured and unsecured (Article 34). There is no option of further classes.

What are the majorities required to approve a reorganisation plan?

Out-of-court debt settlement procedure

The approval of the debt settlement agreement requires the consent of the debtor, the majority in value of the financial/credit institutional creditors and at least the majority in value of the percentage of participating financial/credit institutional secured creditors in order for the debt settlement agreement to be executed (Article 14). There is no express prohibition by the law for connected parties and shareholders to vote in their capacity as creditors. However, the out-of-court debt settlement is limited to financial institutions, regardless of whether they are also shareholders or connected persons to the debtor seeking the settlement. Cross-class cram down is not applicable as there are no separate classes. Creditors which do not expect to make any recovery are deemed to have consented to the agreement and do not sign the agreement.

Tax authorities and social security institutions can be deemed to have consented if the approval of other creditors is achieved (Article 14).

Furthermore, tax and public creditors are bound by the settlement agreement, even if they did not participate in the negotiation process, subject to specific conditions provided in the law (Articles 21 and 22).

Pre-insolvency rehabilitation procedure

A rehabilitation agreement must be approved by both the debtor and creditors representing at least 50 per cent of the debtors' total secured liabilities, as well as creditors representing at least 50 per cent of the debtors' other (unsecured) liabilities (Article 34). Connected parties and shareholders can vote in their capacity as creditors. An agreement can be imposed even without the consent of the debtor in certain circumstances, including where the debtor is in a general and permanent state of cessation of payments. The rehabilitation agreement can be approved solely by creditors (Articles 34 pars. 2 and 54). Cross-class cram down of secured creditors by unsecured creditors is not possible.

Cross-class cram down of unsecured creditors is possible but can only be achieved where the rehabilitation agreement has been approved by more than 60 per cent of the total creditors' claims (secured and unsecured) and 50 per cent or more of the secured creditors' claims (Articles 34 and 54). Pursuant to the "relative priority" rule, for cross-class cram down to take effect, any dissenting voting classes of affected creditors should be treated at least as favourably as any other class of the same rank and more favourably than any junior class. There are a number of additional conditions for ratification of the agreement by the court, including the "best interests test" that aims to ensure none of the non-consenting creditors will be in a worse position under the rehabilitation plan than in insolvent liquidation (Article 31). The state and the social security authorities consent to a pre-insolvency rehabilitation agreement by signing the agreement under the same conditions and criteria with which a private creditor would consent under these circumstances, even when the state and/or the social security institutions waive privileges and securities as well as legal remedies or aids. The state does not consent in the event that, due to the implementation of the rehabilitation agreement, it would be in a worse position in terms of its confirmed claims at the time of signing of the agreement, than the position in which it would be in the case of insolvent liquidation. No signature is required by the state or the social security institutions in case: i) the value of the claim is less than €15 million at the moment of the signing of the rehabilitation agreement; ii) no worse-off principle is respected as per the expert's report; and iii) the value of the confirmed claims of the State and/or the social security institutions is less than the value of the private creditors' claims. All three conditions should be met (Article 37).

An approved court rehabilitation agreement is binding on all creditors whose claims are covered by the rehabilitation agreement, including dissenting creditors (Article 60). Dissenting secured creditors can be crammed down subject to the "best interests test" and the relative priority rule described above. The implementation of the plan is not supervised by the court.

What is the timeframe for the reorganisation procedure and any moratorium?

Out-of-court debt settlement procedure

The settlement agreement should be concluded within two months from the initiation of the process, and more specifically from the submission of a final application for the conclusion of a settlement agreement. This may be extended by the tax authorities or the social security authorities for an additional 15 days. Such period is suspended for the period from 1 August to 31 August, which is not counted for the aforementioned periods. If a debt settlement agreement is not executed within the prescribed two months, the proceeding is closed on the basis it has been unsuccessful (Article 16).

Pre-insolvency rehabilitation procedure

The Insolvency Law does not provide for any timeframe within which the pre-insolvency rehabilitation proceedings need to be concluded, i.e. within which the interested parties should conclude negotiations or must file the rehabilitation plan for ratification by the court. The aim would be to conclude the proceedings within an 18-month period taking into account that the maximum time period of the moratorium is 18 months (Articles 52 and 53). A moratorium is automatically applicable from the submission of the rehabilitation agreement to court until the ratification of such agreement. The maximum duration of a moratorium is 12 months (Articles 50 and 52). A moratorium might also be ordered by the court even before the filing of an application for the ratification of the rehabilitation agreement, provided certain conditions are met and for a maximum of six months (Article 53).

Does the insolvency legislation facilitate cross-border insolvency?

Yes, in 2010, Greece by virtue of **Law No. 3858/2010** (Official Gazette 102/A/1-7-2010) adopted the UNCITRAL Model Law on Cross-Border Insolvency. However, Greece has not adopted the UNCITRAL Model Law on Recognition and Enforcement of Insolvency-Related Judgements or the UNCITRAL Model Law on Enterprise Group Insolvency (see below).

As a member of the European Union Greece is also subject to **Regulation (EU) 2015/848** of the European Parliament and of the Council on insolvency proceedings which governs the coordination of insolvency proceedings within the EU.

Model Law	Official adoption
UNCITRAL Model Law on Cross-Border Insolvency (1997)	✔
UNCITRAL Model Law on Recognition and Enforcement of Insolvency-Related Judgments (2018)	✖
UNCITRAL Model Law on Enterprise Group Insolvency (2019)	✖

Are there any special provisions for (M)SMEs?

There are no dedicated reorganisation procedures for (M)SMEs under the Insolvency Law but there are some specific provisions related to micro entities.

In an out-of-court debt settlement procedure, if the debtor submits a request for mediation and this request is accepted by the majority of creditors by value, an accredited mediator may be appointed for entities that meet the definition of a micro entity under Law No. 4308/2014 (Article 15). For entities that meet the definition of a micro entity under Law No. 4308/2014, the rehabilitation agreement must be agreed by the debtor as well as its creditors (Article 54).

Furthermore, part 6 of the Insolvency Law introduces the small case for debtor's who meet one of the criteria for micro entity of Article 2 of Law 4308/2014. Micro entities are entities which, on their balance sheet date, do not exceed the limits of at least two of the following three criteria: a) total assets (assets): €350,000; b) net turnover: €700,000; or c) average number of employees during the period: 10 people (Article 2 par. 2 of Law No. 4308/2014).

Overview of Greek Business Reorganisation Procedures*

* This provides a high-level overview of business reorganisation procedures. See the commentary in this profile and the Insolvency Law for further details, including with respect to any applicable moratoria and creditor voting thresholds.

** Participating creditors must be financial institutions, the tax authorities and/or pension funds.

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