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Until we meet again

-

A more coordinated approach to restructuring for SEE?

Wolfgang Höller

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# Case Study: Austria

## The issue

- Number of larger restructuring cases in the past few years.
- Well-established work-out units in all major banks.
- Well-established best practice.
- Similar problems in almost all restructuring cases.
- No common Austrian rulebook to give guidance on reoccurring questions.
- No or only little knowledge of international rules such as INSOL Principles leading to no application of such international rules in practice.

# Case Study: Austria

## The process and goal

- Major Austrian banks and Schoenherr teamed up to draft their own rulebook for restructurings.
- Rules shall subsume practical experiences and look to international standards, such as the “London Rules” and the INSOL Principles while at the same time taking into account local features.
- Create rules to deal with common issues arising in restructuring situations.
- Discuss and decide issues calmly and rationally, without any particular case in mind.

# Case Study: Austria

## The outcome

- Restructuring Guidelines for Austria.
- Eight principles based on INSOL Principles but with reference to the Austrian market more detailed, thus giving more guidance.
- Guidelines developed in a very inclusive, cooperative process involving all major players, including credit insurers and leasing companies.
- Non-binding but wide acceptance due to strong ownership feeling of individuals and financing institutions.
- Imminent acceptance and application by Austrian market participants.

# The Principles

- Standstill
- Pari passu
- No adverse action by debtor
- Coordinating body
- Information
- Applicable law and relative positions
- Confidentiality
- New money
- Annexes for credit insurers and leasing companies

# Demand in SEE for a more coordinated approach?

You always meet twice

- More cross-border cases – benchmark restructuring of „Mercator“ where we advised the coordination committee.
- Some initiatives for rules on restructuring but no common rulebook for restructurings in the region.
- Strengthening of „restructuring communities“ in the countries and the region.
- The implementation of INSOL Principles as general principles for restructurings might change the restructuring culture in SEE.
- Local restructuring community will have to decide whether they additionally want to implement specific local rule books based on their practical experiences and international standards.
- Austrian banks active in the SEE region see substantial advantages by the establishment/enlivenment of country specific guidelines.

# How to improve restructuring culture in SEE?

- INSOL Principles, Regional Guidelines, Local Guidelines (Austrian Guidelines)
- Role of the banks active in the region?
- Cooperation with local banking associations?
- Cooperation with national banks?



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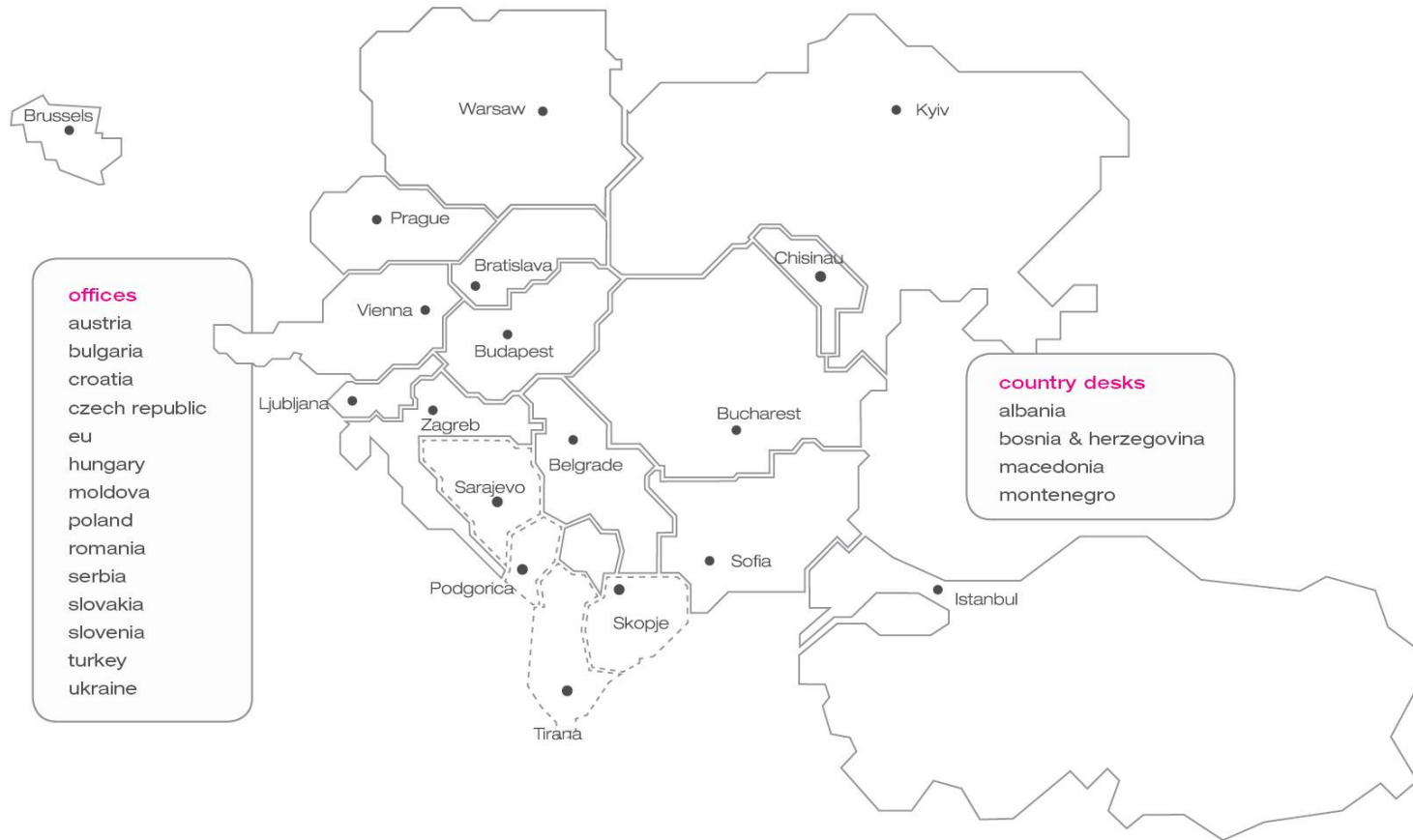


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