The law reforming bankruptcy has been adopted: what will change for business

FAO legal entities, employees from finance, tax and legal departments, insolvency practitioners, heads of self-regulating organisations (SROs), and creditors and debtors in insolvency (bankruptcy) proceedings

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Pepeliaev Group advises that, on 26 July 2026, Russia's President signed Federal Law No. 253-FZ "On Amending the Federal Law 'On Insolvency (Bankruptcy)' and Certain Legislative Instruments of the Russian Federation" ("Law No. 253-FZ").

Sweeping amendments have been made to Federal Law No. 127-FZ dated 26 October 2002 "On Insolvency (Bankruptcy)" (the "Bankruptcy Law") and a number of other legislative instruments. The self-regulatory system for insolvency practitioners is restructured, with new out-of-court and court-supervised rehabilitation procedures being introduced along with a new form of bidding processes, and a number of other fundamental changes being made.

Pepeliaev Group's Comment

A significant part of the bankruptcy reform first conceived almost 15 years ago has finally been implemented. Overall, the reform is aimed at rehabilitating businesses experiencing temporary financial difficulties and at improving the efficiency of insolvency procedures. Although not every proposed measure has been adopted, important steps have been taken to shorten proceedings and accelerate the return of assets into the economy.

The success of the new rehabilitation mechanisms will largely depend on appropriate economic and additional legal conditions being created, namely financial institutions being incentivised to restructure debt and extending the maximum tax deferral and instalment periods permitted under the Russian Tax Code being increased. Equally important is ensuring that business is aware of the new opportunities available.

Why is it important to get to grips now with the reform?

Most of the amendments will enter into force in one year's time, on 27 July 2027 (article 11(1) of Law No. 253-FZ). However, it is important to take them into account already because:

- some of the amendments will apply in insolvency cases commenced before 27 July 2027 after the procedures introduced before that date have been completed (article 11(6) of Law No. 253-FZ);
- further to a petition by the creditors' meeting, a commercial court may introduce the new debt restructuring procedure in insolvency cases that commenced before 27 July 2027 (article 11(19) of Law No. 253-FZ);

- under the general rule, procedural provisions enter into force simultaneously with the law introducing them unless provision is expressly made to the contrary.

What key changes affecting businesses should we pay attention to?

1. Changes to how bankruptcy proceedings are considered

1.1. A new appendix to a debtor's application

Regardless of which procedure it is proposed to apply, a debtor's application must now be accompanied by a financial report, the definition and contents of which are determined in the new article 38.1 of the Bankruptcy Law.

1.2. Changes to the procedure for examining the merits of an application

All applications seeking to have the same debtor declared bankrupt will now be considered simultaneously (article 42(8) of the Bankruptcy Law).

All members of the debtor must be notified of a hearing examining the merits of an application for debt restructuring or insolvency. Where the debtor has more than five members, the court will notify only the five holding the largest interests.

The following persons are now entitled to participate in the hearing and submit objections: bankruptcy creditors whose claims have been confirmed by a court decision; the authorised state body; credit institutions; and other creditors that have either already filed claims against the debtor or cannot yet file them but have substantiated that they are likely to do so.

1.3. Shorter time limits for considering an application

Where the supervision procedure is introduced, the bankruptcy case must be considered within four months from the date when the application is filed with the commercial court.

1.4. New grounds for initiating insolvency proceedings as the first procedure

Liquidation proceedings may now be initiated immediately:

- further to the debtor's own application to be declared bankrupt (except where this was filed in the absence of a resolution of its management body and a member objects);
- further to a creditor's application where: (1) the debtor fails to submit its response together with the financial report, or the report demonstrates that it is impossible for solvency to be restored; (2) the debtor has passed a resolution that it be liquidated; (3) during the preceding three years the debtor operated at a loss and the amount of its liabilities was at least double the value of its assets.

2. Introduction of the rehabilitation procedure to restructure a legal entity’s debts (a “restructuring”)

The Bankruptcy Law has been supplemented with Chapter III.3 “Debt Restructuring”. Article 193.1 establishes specific features of this procedure for strategic enterprises and organisations.

The procedure is introduced as the first bankruptcy procedure further to the application of the debtor or a creditor for restructuring, or based on a resolution of the first creditors' meeting during the supervision procedure.

The procedure is administered by an anti-crisis administrator (a new category of insolvency practitioner) appointed by the court.

The restructuring is carried out based on a restructuring plan which:

- is approved and amended by the creditors' meeting;
- may provide for the same or different procedures and conditions for satisfying the claims of different bankruptcy creditors, authorised bodies or their respective groups;
- may provide for, among other things: a reorganisation; an increase in the issued capital; the sale of the debtor's business or part of its assets; the substitution of assets; and the conversion of claims into membership interests, shares or other securities of the debtor.

The debtor's CEO and other management bodies may (1) remain unchanged, (2) be appointed by the creditors' meeting or creditors' committee, or (3) have their powers transferred to the anti-crisis administrator. In addition, it is permitted to establish two single-member executive bodies of the debtor, one elected by the members of the debtor and the other by the creditors' meeting, with powers allocated between them in accordance with the debt restructuring plan.

The concept has been introduced of an "agreement that is significant for restructuring", meaning a lease agreement (article 61.29 of the Bankruptcy Law). A unilateral refusal by the debtor's counterparty to perform such an agreement is prohibited. At the same time, the debtor retains the right under article 102 of the Bankruptcy Law to withdraw from agreements that impede the restructuring.

The procedure may also be introduced when there are creditors' objections, if simultaneously:

- an opinion is submitted of an audit firm (included in the register of firms providing services to entities of significance to society) concluding that the debtor's solvency can be restored;
- the creditors have not proved that the application to restructure debts was filed with the aim of unlawfully delaying the debtor being declared bankrupt.

The creditors' meeting may petition the court to terminate the restructuring and commence liquidation proceedings or, conversely, to transfer the debtor from liquidation proceedings to debt restructuring.

3. Changes relating to SROs, insolvency practitioners and the procedure for them to be "admitted to procedures"

3.1. The State Register of Insolvency Practitioners

From 1 January 2030, pursuant to articles 44.1 and 44.2 of the Bankruptcy Law, a State Register of Insolvency Practitioners (the "Register") will be established, in which all insolvency practitioners must be registered. The Register will include, among other things, performance scores assigned to insolvency practitioners and SROs.

3.2. A new system for admitting insolvency practitioners to bankruptcy procedures

The Law introduces the division of self-regulatory organisations (SROs) of insolvency practitioners into three groups (articles 21.2 and 44.3 of the Bankruptcy Law, which take effect from 30 March 2030), depending on the size of their compensation fund and membership. Each group must maintain a compensation fund of at least RUB 1 million per insolvency practitioner.

SRO group	Amount of compensation fund (RUB million)	Number of members of the SRO	Categories of debtors in respect of whom the SRO may administer proceedings
First	50	At least 10	• Individuals without the status of an individual entrepreneur; • individual entrepreneurs with annual revenue of up to RUB 800 million; • legal entities with annual revenue for the previous year of up to RUB 800 million and assets of up to RUB 300 million
Second	100	At least 20	• Individual entrepreneurs with annual revenue from RUB 800 million to RUB 2 billion; • legal entities with annual revenue for the previous year from RUB 800 million to RUB 2 billion and assets of up to RUB 1.5 billion
Third	400	At least 20	All remaining debtors

For SROs in the second and third groups, their insolvency practitioners must have participated in a specified number of completed procedures applied during bankruptcy.

Importantly, the procedure for selecting candidates at random will be carried out by the registering authority directly through the Register, including the final submission to the Register of the practitioner's statement of consent to be appointed.

3.3. Introduction of a mechanism for selecting an insolvency practitioner at random using the Register (article 44.3 of the Bankruptcy Law) where the debtor or an authorised body initiates the case.

4. Increased guarantees for losses caused by an insolvency practitioner to be compensated

A judgment creditor is now entitled to submit the writ of execution directly to the bank in order to have funds written off from the compensation fund if the insolvency practitioner or insurer has failed, within 90 days, to make voluntary payment to compensate the damage. The court will additionally specify in the operative part of the judgment that recovery is to be made from the SRO's compensation fund.

Within three months from the date on which it is identified that the compensation fund is insufficient to compensate the loss, the SRO must replenish the compensation fund by the relevant amount and ensure that the fund reaches the level established for the relevant SRO group. If replenishing and restoring the fund are impossible, the SRO is to be liquidated.

5. Changes to the procedure for conducting bidding

For assets valued at more than RUB 1 billion, a special procedure is introduced for conducting bidding (article 111(3.1) of the Bankruptcy Law), which provides, among other features, for the following:

- that it is possible, during the bidding procedure itself, to submit applications to participate;
- that the bidding continues, in the absence of offers, by reducing the starting price by one "increment" until the first price offer is received, after which the bidding continues through that price being increased successively by one "increment";
- that the bidding "increment" for increasing the price may differ from the "increment" used for reducing the price;
- the concept of "liquidation value" has been introduced into the Bankruptcy Law in relation to how the debtor's property is valued and sold (article 130(3) of the Bankruptcy Law).

The amendments to article 111(7)–(10) of the Bankruptcy Law apply in bankruptcy cases commenced after Federal Law No. 275-FZ entered into force. In bankruptcy cases that commenced before Federal Law No. 275-FZ entered into force, these provisions will apply only to the sale of the debtor's share in common ownership (provided that no communication regarding the sale of the debtor's property has been published or posted beforehand).

6. Codification of the loss of a secured creditor's preferential status where the time limit for filing claims established by article 142 of the Bankruptcy Law has been missed (article 138(7) of the same Law).

7. Changes to liquidation proceedings

7.1. Restricting the debtor's operations from continuing during liquidation proceedings

The insolvency practitioner shall submit to the creditors' meeting (including the first meeting) and to the commercial court an opinion on whether it is reasonable to continue the debtor's business operations, to include a justification of whether they are breaking even (paragraph ten of article 20.3(2) and articles 126(5)–(10) of the Bankruptcy Law). This issue must be considered no later than six months from the date when the liquidation proceedings commence.

The liquidator must cease the debtor's business operations within nine months from the date when the liquidation proceedings commence (except in the situations listed in article 129(6) of the Bankruptcy Law).

Unpaid expenses relating to the continuation of business activities after nine months from the date when the liquidation proceedings commence will be compensated using the funds of the creditors who voted in favour of that resolution, in proportion to the amount of their claims relative to the total amount of the claims of the creditors who voted for the operations to continue.

Creditors under current payments that have arisen nine months after the liquidation proceedings were commenced are also able to bring claims seeking to have liability imposed.

8. Measures to prevent bankruptcy: rehabilitation

Federal Law No. 253-FZ introduces two rehabilitation models, each of which is implemented through an agreement being concluded between the creditors and the debtor (the "Agreement").

What both models have in common is that the Agreement may be concluded before or after bankruptcy proceedings are commenced, but no later than when the first procedure is introduced that is applied in the bankruptcy case.

The table below sets out the main differences between rehabilitation without recourse to a court ("simple rehabilitation"; article 31 of the Bankruptcy Law) and comprehensive rehabilitation ("comprehensive rehabilitation"; article 31.1 of the Bankruptcy Law).

Criterion	Simple rehabilitation (article 31 of the Bankruptcy Law)	Comprehensive rehabilitation (article 31.1 and article 31(3–15) of the Bankruptcy Law, insofar as there is no conflict with article 31.1)
Creditors participating in the Agreement	Some or all creditors	At least 50% of independent creditors (the competent authority does not participate)
Number of agreements	One or several agreements with different creditors/groups of them (including on different terms)[1]	One agreement
Additional conditions for concluding the Agreement	-	• A lack of wage arrears • A genuine possibility of restoring the debtor's solvency
Binding effect of the Agreement	Binding only on the creditors participating in the Agreement	Extends to all creditors whose claims arose before the notice was published of the

[1] Creditors whose claims are based on compensation for harm to life or health, harm caused by a criminal offence, the payment of alimony, or fines cannot take part in simple rehabilitation.

		intention to initiate the debtor's bankruptcy.[2] Does not apply to obligations owed to the public purse or to protected categories of creditors[3]
Court approval	Not required	Required
Debtor's asset threshold conferring a right to rehabilitation	None	At least RUB 1 billion
Disclosure of information on rehabilitation	Optional, through the Unified Federal Register of Legally Significant Information on the Activities of Legal Entities	Mandatory prior notice to the competent authority and creditors whose claims account for more than 5% of the total indebtedness
Maximum term	Upon agreement by the parties	4 years, a possibility to extend by two years

8.1. Specific features of simple rehabilitation:

In the case of simple rehabilitation, the Agreement may provide for the following (though notarisation is required):

- the procedure for approving transactions;
- an obligation on the creditor not to initiate bankruptcy proceedings and to refrain from presenting enforcement documents during the term of the Agreement (the time limit for presenting an enforcement document is suspended).

Third parties may participate in simple rehabilitation, with an intermediary being engaged who is a professional mediator or insolvency practitioner.

A creditor to whom an Agreement for simple rehabilitation extends is entitled to demand that it be terminated or amended in respect of all such creditor's claims in the cases for which article 31(9) of the Bankruptcy Law provides.

The Bankruptcy Law allows an Agreement for simple rehabilitation to be declared invalid under article 61.2(1) and (2) in the cases for which article 31(10) of the Bankruptcy Law provides.

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[2] The obligations of the creditors and the debtor are deemed amended on the terms provided for by a comprehensive rehabilitation Agreement pursuant to article 450(2) of the Russian Civil Code.

[3] The Bankruptcy Law prohibits, within the framework of comprehensive rehabilitation, any amendment to the procedure and timing for compensation to be paid for harm to life or health, harm caused by a criminal offence, alimony, or fines. Also prohibited is any revision, without the customer's approval, of the terms governing the performance of obligations under a state defence procurement contract.

If the Agreement is terminated, creditors' claims in respect of which a debt reduction was granted are reinstated to the extent that they have not been satisfied.

Termination of the Agreement does not oblige creditors to return to the debtor amounts received in repayment of the debt, except where the Agreement has been declared invalid.

8.2. Specific features of comprehensive rehabilitation

Only the debtor may initiate comprehensive rehabilitation by filing an application with the commercial court to have a comprehensive rehabilitation agreement approved.

If an application for comprehensive rehabilitation is filed before an application for debt restructuring has been considered, the court will join both applications together into a single proceeding and will first consider the issue of rehabilitation (paragraph 20 of the Bankruptcy Law).

The debtor must ensure that creditors can access the report on its financial position, which, like the Agreement, is subject to review by an audit firm.

To accede to the Agreement, it is sufficient for a creditor to submit to the debtor a notice of accession before the Agreement is approved (provided that the Agreement allows for accession).

The Agreement may be terminated in the cases for which article 31.1(14) of the Bankruptcy Law provides.

Crucially, an Agreement for comprehensive rehabilitation may provide for financing to be granted to the debtor by its controlling person and, in the event of bankruptcy, for the rule not to be applied in future that subordinates claims arising from such financing, whether the financing was provided before or pursuant to the Agreement.

What to think about, what to do

The first step is to assess what the effect will be of the new provisions applicable to bankruptcy cases that have already been commenced, as well as those that may apply to cases accepted for consideration after 27 July 2026.

It would be prudent for debtors to assess whether it is possible to use the debt restructuring procedure and to hold appropriate negotiations with creditors.

Creditors are advised to update their internal policies for dealing with distressed debt and devise criteria for supporting or rejecting restructuring plans as well as comprehensive rehabilitation agreements.

Help from your adviser

Pepeliaev Group's specialists provide qualified legal assistance in how anti-crisis procedures, as well as procedures applied in bankruptcy cases, should be used. We have extensive and successful experience in protecting the interests of all categories of parties, including in standalone disputes that concern whether transactions are invalid and having liability imposed on controlling persons.
One of the key areas where we provide assistance is conducting negotiations aimed at restructuring debt.

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