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Challenges in the preparation, negotiation and implementation of restructuring plans for micro and small enterprises

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Abstract

Restructuring proceedings for micro and small enterprises are often underutilised and show low success rate. This article examines the practical challenges encountered during preparation, negotiation and implementation of restructuring plan for these entities, focusing on ways to enhance predictability and efficiency of restructuring procedures. The research applies comparative, doctrinal, structural and analytical methods to evaluate the European restructuring framework using insights from other jurisdictions, including the United States. The study identifies key practical issues such as procedural complexity, limited professional support and obstacles related to appeal of the judgement to confirm a restructuring plan. Based on this analysis, the article proposes targeted solutions, including streamlined proceedings, mandatory professional assistance and clear procedural rules during the implementation of the restructuring plan.

Keywords

micro and small enterprises • plan implementation • restructuring plan

INTRODUCTION

Micro and small enterprises **(**hereinafter—MSEs)[1] (European Commission, 2003, 2021) constitute the overwhelming majority of businesses in Europe and are key drivers of employment, innovation and economic growth (Eurostat, 2024). In 2024, MSEs accounted for 99% of all businesses in Europe (Eurostat, 2024) and employed more than 68,400,000 individuals (Greek Growth Fund (hereinafter—GGB), 2025). However, MSEs are particularly vulnerable to financial distress due to their limited financial and administrative resources (World Bank Group, 2025), which increases their risk of failure (Camacho-Miñano et al., 2015). At the same time, they often face difficulties in successfully completing insolvency proceedings, which tend to be lengthy, costly and complex (World Bank, 2021).

Access to an effective and efficient legal recovery mechanism is crucial to ensuring the continuity and viability of MSEs. In this context, restructuring serves as a key legal tool, enabling financially distressed but viable legal entities with the opportunity to recover and continue business activities. Enhancing restructuring proceedings to better accommodate MSEs' needs is essential not only for preserving individual businesses but also for maintaining broader economic stability and social welfare. Moreover, the lack of an attractive exit for MSEs may prevent many entrepreneurs from even starting a business, hindering economic renewal (Gurrea Martínez, 2021).

The Directive (European Union [EU]) 2019/1023 **(**hereinafter referred to as Directive) establishes a common framework for preventive restructuring in the EU, providing minimum standards that Member States must implement in their national laws. Its objective is to facilitate the restructuring of financially distressed legal entities [Directive (EU) 2019/1023, 2019, recitals 1–2]. Restructuring is a more economically and socially valuable method of resolving financial difficulties

1 For the purposes of this article, the definitions of micro and small enterprises follow the definitions set out in the Commission Recommendation (EC) 2003/361 of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises [2003] Official Journal of the European Union (hereinafter—OJ) L124/36. Accordingly, a small enterprise is an enterprise that employs fewer than 50 persons and has an annual turnover and/or an annual balance sheet total not exceeding EUR 10 million. A microenterprise is an enterprise that employs fewer than 10 persons and has an annual turnover and/or an annual balance sheet total not exceeding EUR 2 million.

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Table 1. Bankruptcy and restructuring proceedings in Lithuania, Spain and France (2023–2024)

Country	Number of bankruptcy proceedings	Number of restructuring proceedings
Lithuania[2]	1,322	70
Spain[3]	48,396	596
France[4]	87,725	34,756

than bankruptcy, as it creates opportunities to preserve jobs, taxpayers and the operation of an entity (Davydenko and Franks, 2008; Lithuanian Court of Appeal, 2022). The purpose of the restructuring procedure is to save active economic and commercial activities of a viable legal entity, create conditions that enable it to compete in the market by providing assistance to creditors and continue its activities after the successful implementation of the restructuring plan (Jokubauskas, 2021). The latter implies not only meeting short-term financial obligations but also achieving sustainable business operations that ensure the entity's viability beyond the closure of the restructuring proceedings. This is particularly relevant for MSEs, which require a stable foundation to continue their operation after the restructuring.

However, restructuring procedures remain underutilised and have a low success rate, especially among MSEs. As shown in Table 1, bankruptcy filings dramatically exceed restructuring cases across Lithuania, Spain and France, highlighting the limited use of formal restructuring mechanisms.

In Lithuania, approximately 60% of all initiated restructuring cases (69 cases) concerned MSEs (Audito, apskaitos, turto vertinimo ir nemokumo valdymo tarnyba, n.d.). Similarly, in Spain, MSEs accounted for around 80% of all insolvency proceedings initiated in 2024 (Informa D&B S.A.U., 2025).

The restructuring of MSEs is often driven by internal factors distinct from those affecting larger entities, such as the entrepreneur's ambitions for internal reorganisation and limited financial or staff resources to drive cost-cutting or efficiency-improving activities (Tamošiūnas, 2015). Despite such differences, most European countries lack tailored provisions specifically designed for the restructuring of these entities. Consequently, MSEs must follow the same procedures as larger companies,[5] which may impose a disproportionate burden given their limited resources (Korobkin, 1994). Accordingly, there is a need to adapt the current framework to address the challenges faced by these enterprises, thereby increasing the effectiveness of the procedure and consequently improving recovery outcomes.

The effectiveness of restructuring proceedings for MSEs is hindered by limited access to these procedures, the low number of initiated cases and ineffective use of the proceedings during negotiation and implementation of the plan. The article investigates to what extent the current European restructuring framework ensures effective preparation and implementation of restructuring plans for MSEs, in addition to analysing the legal or practical improvements that are necessary to enhance its functionality.

The article seeks to address this question through an examination of the European and national restructuring frameworks. It uses a comparative-legal method drawing on jurisdictions such as the United States, using analytical and structural methods to assess the coherence and practical functioning of the framework. This combined methodology enables the study to identify key obstacles arising during the preparation and implementation phases and to propose targeted solutions that enhance the effectiveness and accessibility of restructuring procedures for MSEs.

The article is structured in three main parts. The first part starts with defining the core elements of the successful implementation of restructuring plans. The second part focuses on the preparation phase, proposing ways to simplify the process through shorter deadlines and mandatory professional assistance. The third part analyses the practical challenges related to appeals and amendments of the confirmed restructuring plan, which often contribute to the failure in implementing the plan. The conclusion offers recommendations for simplifying proceedings tailored to the needs of MSEs.

RESEARCH RESULTS AND DISCUSSION

Core elements of the successful implementation of the restructuring plan

The Directive does not provide a clear definition of what constitutes successful implementation, nor does it establish standardised criteria for determining the failure to execute the plan. Successful implementation of the plan generally implies that the enterprise has been rescued. However, it remains unclear whether it refers solely to the fulfilment of the measures set out in the plan or whether it also encompasses the long-term restoration of the business activities of the company, that is, the ability of the undertaking to cover its costs and operate independently in the market without state or creditor support (European Commission, 2021).

2 Audito, apskaitos, turto vertinimo ir nemokumo valdymo tarnyba. (n.d.).

3 Instituto Nacional de Estadística, 2025.

4 International Network of Insolvency, Restructuring and Bankruptcy Professionals (hereinafter—INSOL) Europe, 2025.

5 For the purposes of this article, the term 'large companies' refers to legal entities employing more than 50 persons and whose annual turnover and/or annual balance sheet total exceeds EUR 10 million.

In Lithuania, restructuring proceedings are formally closed with the court's approval of the final report, which outlines the implementation of the plan's measures and the distribution of payments to creditors in accordance with the plan (Republic of Lithuania, 2019, Arts 116, 117). However, procedural closure alone does not necessarily indicate substantive success (Balsiukienė, 2022). A company may complete all required steps yet fall back into insolvency shortly afterwards, wasting resources and diminishing creditor recovery.

Incorporating long-term solvency criterion ensures that restructuring achieves its economic and social purpose by preserving viable businesses and maintaining market stability. Comparative practice illustrates how some jurisdictions have already introduced this criterion. In the United States, 'success of implementation' means that the confirmed plan is not likely to be followed by liquidation or the need for further financial reorganisation of the debtor or any of his successor under the plan [United States Bankruptcy Code, 1978, Section 1129(a)(11)].[6] Repeated filings within 60 months are generally considered evidence of inadequate planning (American College of Bankruptcy, 2024). Similarly, Spanish courts now require that plans show a reasonable expectation of future viability. While absolute certainty of success is not required, there must be at least a fair probability of the company's continued operation. This standard has led to the rejection of plans that fail to provide credible evidence of long-term viability (Jaén Commercial Court No. 1, 2024; San Sebastián Commercial Court No. 1, 2024).

Embedding a long-term viability test when assessing the restructuring plans helps companies create realistic proposals while reducing reliance on overly optimistic assumptions. Viability, which includes both financial stability and the ability to continue business operations, has been identified as the 'linchpin' of effective restructuring proceedings, allowing to distinguish entities capable of recovery from those that are better liquidated (Tsioli, 2021). Introducing this criterion ensures that restructuring serves sustainable recovery rather than temporary reprieve.

Hence, the core elements of successful implementation of the restructuring plan should include the fulfilment of financial and operational obligations set out in the confirmed plan, full or sufficient payment to affected creditors as foreseen in the plan and the restoration of the debtor's long-term solvency. Incorporating long-term solvency as a key element would enhance the European restructuring framework by promoting effective, sustainable recoveries and aligning national practices with best international standards.

6 Unless such liquidation or reorganisation is proposed in the restructuring plan.

Preparation and negotiations of the restructuring plan for MSEs

Following the initiation of restructuring proceedings, the timely preparation of a practical and realistic restructuring plan becomes crucial to secure both creditor approval and court confirmation [Directive (EU) 2019/1023, 2019, Arts 9, 10]. A well-developed plan significantly increases the chances of successful business recovery. However, an excessively long preparation phase seriously undermines the viability of MSEs, leading to a rapid deterioration of their financial condition. Moreover, in the absence of mandatory professional support, MSEs may submit plans that lack financial credibility or fail to meet legal requirements. Improperly drafted plans contribute to the failure to achieve a successful business recovery. As a result, viable firms are pushed into piecemeal liquidation due to procedural inefficiencies, which consequently leads to the destruction of their economic value (Bhandari and Weiss, 1996).

The preparation and negotiation of the plan is a continuous process that requires consistent and coordinated actions (Jokubauskas, 2021). The plan serves as an instrument through which the financial well-being and viability of the debtor's business can be restored. It constitutes an agreement between the debtor and the creditors, as well as other interested parties, and requires a majority vote of creditors to be adopted (Lipson, 2009). The plan aims to maximise the possible eventual return to creditors and provide a better result than if the debtor were to be liquidated (European Law Institute, 2017).

MSEs often have more flexible organisational structures, involving fewer creditors, limited workers' representation and smaller-scale operations (Carvajal et al., 2020). These factors simplify the negotiations and the coordination required during the plan preparation phase. Considering these distinct features of MSEs, both scholars and policymakers have increasingly converged on the need for simplified restructuring procedures for MSEs. The World Bank and the United Nations Commission on International Trade Law (UNCITRAL) have issued detailed guidance and policy recommendations aimed at removing procedural burdens and reducing costs for small businesses in distress, including, in particular, shorter timelines for plan preparation and access to affordable professional support (World Bank, 2018).

Several jurisdictions have already implemented tailored solutions for MSEs. In the United States, Subchapter V of Chapter 11 of the Bankruptcy Code establishes a streamlined restructuring process (Small Business Reorganization Act, 2019, §1181). The debtor must file a restructuring plan within 90 days (instead of the usual 180 days) from the order for relief [Small Business Reorganization Act, 2019, § 1189 (b), § 1121(e)]. This accelerated deadline reflects the urgency often present in small business restructurings, where limited resources and unstable operations make long procedures particularly detrimental. However, the court may extend this deadline if the delay is due to circumstances beyond the debtor's control, offering flexibility where needed [Small Business Reorganization Act, 2019, § 1189(b)]. Moreover, Subchapter V proposes that a trustee be appointed to facilitate plan negotiation without displacing existing management [Small Business Reorganization Act, 2019, § 1183(a), § 4(a)(3)]. The role of the trustee is to supervise and monitor the case and to participate in the development and confirmation of a plan (Handbook for Small Business Chapter 11 Subchapter V Trustees, 2020). However, the trustee has the duty to 'facilitate the development of a consensual plan of reorganization' [Small Business Reorganization Act, 2019, §1183(b)(7)]. As a result, the trustee's role goes beyond supervision and entails proactive participation in negotiations, oversight of plan formulation and continuous communication with both the debtor and the creditors. In comparison, in Lithuania, insolvency administrators, if appointed, may assist with the preparation of the draft plan but are not obliged to take an active role [Republic of Lithuania, 2019, Art. 103(1)]. Subchapter V thereby introduces both shorter deadlines and an institutional mechanism to improve the likelihood of successful small business reorganisation. Compared to other ordinary small business restructuring cases under Chapter 11, cases under Subchapter V have had approximately twice the rate of plan confirmation and a 20% lower dismissal percentage, as well as a shorter time to confirmation (U.S. Trustee Program, n.d.).

Similarly, in Australia, there is a short 20-day period for a company to work with a small business debt restructuring practitioner (SBRP) to prepare a restructuring plan, followed by 15 days for creditors' voting (Atkins, 2020; Treasury of the Government of Australia, 2020; Corporations Amendment Act, 2020). Out of 3,388 SBRP appointments, approximately 83% have successfully progressed to formal restructuring plans (Australian Securities & Investments Commission, 2025).

These examples illustrate procedural elements that could strengthen European restructuring frameworks for MSEs. Currently, national laws in many Member States do not impose accelerated deadlines nor do they provide for mandatory appointment of practitioners to actively assist debtors and creditors during restructuring proceedings in MSEs. Adopting the mechanisms inspired by Subchapter V and Australia's small business debt restructuring process may increase the likelihood of long-term solvency for MSEs.

Moreover, a digital tool that facilitates the drafting of restructuring plans may reduce the procedural burden, enabling resource-constrained MSEs to meet accelerated timelines without disproportionate cost and complexity. The Directive requires making available online a comprehensive checklist for restructuring plans, including practical guidelines on how such plans should be drafted in accordance with national law. Some Member States, such as Lithuania, have already taken a step towards facilitating the preparation process by developing an official digital template for restructuring plans (European Commission, 2023; Nemokumo Vedlys, n.d.). It simplifies the process by directing companies to provide the required information and the necessary financial projections. As a result, the plan is generated, with the option to supplement it later. However, these practical measures are not yet accompanied by statutory reforms to make the plan preparation process more accessible or effective in practice for MSEs.

Hence, it would be reasonable to consider introducing shorter deadlines for the preparation and voting of restructuring plans for MSEs in European legislation. However, a single extension up to 30 days, only in limited cases, should be available (UNCITRAL Legislative Guide on Insolvency Law for Micro and Small Enterprises [MSME Texts Series], 2022). This approach aligns with the objectives of the Directive, which emphasises the need for efficient, timely and inclusive preventive restructuring mechanisms [Directive (EU) 2019/1023, 2019, recital 6].

Furthermore, the mandatory involvement of a qualified insolvency practitioner during the plan preparation phase for MSEs should be introduced to ensure compliance with legal standards and the development of financially viable plans. Early involvement of a qualified professional can prevent foreseeable issues during the plan's approval, potential appeals on the confirmed plan and, as a consequence, its implementation. Given their expertise, their participation from the beginning increases the likelihood that the plan will be both confirmed and successfully executed, thus improving the overall efficiency of the restructuring framework for MSEs.[7]

To maintain cost proportionality, the practitioner should operate during the preparation of a plan under a flat-fee model, agreed in advance between the debtor and the practitioner. Further, the practitioner's compensation could be supplemented through a performance-based component, such as a percentage of disbursements made to creditors under the plan (Dorothy Anderson, 2018). This approach allows the proceedings to remain less costly while enhancing transparency, as creditors would be informed of the proposed remuneration and required to consent during the voting process.

7 The questionnaire titled *Improving Confirmation and Implementation of Restructuring Plans for Micro and Small Enterprises* was distributed among insolvency practitioners to obtain professional insights. According to the responses, 50% of practitioners consider that introducing shorter plan-preparation deadlines (90 days, with a single possible 30-day extension), combined with mandatory practitioner involvement, would enhance restructuring outcomes for MSEs.

Therefore, introducing shorter deadlines for plan preparation and negotiation of the restructuring plan, alongside the mandatory early involvement of qualified insolvency practitioners, would enhance both the efficiency and the effectiveness of restructuring for MSEs. These measures would support the objectives of the Directive by promoting timely, viable and accessible restructuring mechanisms, increasing the likelihood of successful plan implementation.

Implementation of the restructuring plan

Implementation is the final stage of the restructuring proceedings, during which the legal entity continues its economic and commercial activities, complying with actions and measures specified in the restructuring plan. While national European frameworks provide detailed rules for plan preparation, voting and confirmation, provisions governing the execution of confirmed plans are frequently less structured. This gap raises several critical challenges for MSEs.

- The first is the mitigation of insolvency relapse in resource-constrained enterprises.
- The second is the establishment of clear and predictable grounds and time frames for appealing a judgement for confirmation of the plan.
- The third involves defining the permissible scope of amendments during plan implementation to balance flexibility with legal certainty.

To address these challenges, proceedings for MSEs must be concise and predictable, apart from being tailored to their specific needs. Without this clarity, MSEs face increased uncertainty, procedural delays and an increased likelihood of unsuccessful restructuring outcomes. This part explores potential legal and procedural solutions, providing a foundation for designing effective appeal and implementation mechanisms for the restructuring of MSEs.

Appeal of the judgement to confirm a plan

The right to appeal of the decision to confirm the plan safeguards the procedural rights of stakeholders. However, unrestricted right to appeal can cause delays, increase costs and prolong uncertainty for MSEs, undermining the very purpose of the restructuring proceedings. This section of the article examines how the appeal mechanism can be structured to maintain both stakeholder protection and timely, predictable outcomes to ensure that it does not undermine the effectiveness of restructuring proceedings for MSEs.

The Directive sets out that Member States should be able to introduce the option of appealing a decision on the court confirmation of a restructuring plan before a higher court [Directive (EU) 2019/1023, 2019, recital 65]. However, it does not require granting a right of such an appeal (Court of Appeal of The Hague, 2023). Member States are also empowered to determine the legal grounds and the deadlines for appeals. However, the absence of harmonised rules across the EU has resulted in substantial divergence in national practice.

For example, in the Netherlands, the option to appeal the plan is eliminated under the *Wet Homologatie Onderhands Akkoord* (hereinafter—WHOA), also referred to as the Dutch Scheme (Faillissementswet, 1893). This waiver of the right to appeal is intended to safeguard the time-efficiency of the restructuring proceedings. The WHOA plan is designed to prevent imminent insolvency and therefore needs to be implemented immediately after court confirmation (Wessels, 2023). Dutch judicial practice demonstrates general satisfaction with this approach, as specialised judges have developed a reputation for handling these cases with professionalism, while maintaining a balance between speed and legal certainty (Norton Rose Fulbright, 2021). However, such a system may not be feasible for all Member States due to resource constraints, such as high cost of specialised judges. Scholars also debate whether WHOA's complete waiver, though effective in terms of speed, could compromise stakeholder protections if judicial resources or oversight are insufficient (Wessels, 2023).

Germany's Gesetz über den Stabilisierungs- und Restrukturierungsrahmen für Unternehmen (hereinafter—StaRUG) framework, by contrast, allows limited appeals against confirmed plans. Grounds such as procedural defects in plan voting or reliance on incorrect information in approving the plan are considered remedied upon confirmation (StaRUG, 2020, § 67). StaRUG's approach seeks a middle ground such as restricting appeals to preserve efficiency while safeguarding fairness.

In practice, it is relatively rare for appeals of a court ruling confirming the plan to delay the implementation or 'effective date' of a confirmed plan (Akin Gump Strauss Hauer & Feld LLP, 2022). Thus, most countries grant such a right, albeit with certain limitations. The Directive provides that Member States should be able to limit the grounds for appeal to preserve the effectiveness of preventive restructuring [Directive (EU) 2019/1023, 2019, recital 65]. This limitation is especially important for MSEs, as the decisions must be made promptly within tight time frames.

The MSE Insolvency Guide recommends that the appeal to the plan after its confirmation be only on the basis of fraud and only within a short period specified in that law (United Nations Commission on International Trade Law, 2022, para. 313). Some Member States have already implemented these recommendations, Spanish law limits the time frame for challenging a confirmed plan to 15 business days, thus balancing the right to legal recourse with procedural efficiency (Ley 22/2003, 2003).

Therefore, national provisions explicitly regulating appeals of confirmed restructuring plans for MSEs should be introduced to ensure fundamental procedural fairness while safeguarding efficiency. The grounds for appeal should be restricted to exceptional circumstances, such as fraud or serious procedural violations, and the right to appeal should be exercised within a short, clearly defined period. This balanced approach would protect stakeholder rights while maintaining the speed and certainty essential for MSE survival.

Amendments to the confirmed plan

Even the most thoroughly drafted plans cannot fully anticipate all future economic shifts (Organisation for Economic Co-operation and Development, 2009). The restructuring plan may quickly become outdated, especially during long implementation periods. This raises important questions regarding how restructuring plans can remain effective in the face of unforeseen changes, who should be entitled to propose amendments, and under what conditions such modifications should be permitted. It is also necessary to consider what procedural safeguards are required to ensure that adjustments do not undermine creditor rights or compromise the overall effectiveness of the restructuring. Legal frameworks should therefore explicitly allow amendments to confirmed plans while providing clear rules regarding conditions, authorised parties and procedural safeguards.

In the United States, post-confirmation modifications of restructuring plans depend on the type of plan. Consensual plans cannot be modified once they have reached substantial consummation [United States Bankruptcy Code, 1978, § 1191(a), § 1193(b), § 1101(2)(A)–(C)]. By contrast, plans confirmed under the cram-down provisions allow post-confirmation modifications within 3 years [Bankruptcy Code, 1978, § 1191(b), § 1193(c)]. Such modifications are contingent upon circumstances warranting a change and must continue to satisfy the plan's confirmation requirements. This distinction balances stability and flexibility, allowing adjustments to unforeseen events while protecting creditor expectations.

EU restructuring regimes, such as StaRUG and WHOA, emphasise rapid plan implementation and legal certainty; moreover, these do not explicitly provide for post-confirmation modifications. Comparative analysis suggests that incorporating clearly defined conditions and timing for amendments is critical to avoid abusive changes. Scholars caution that overly flexible amendments may undermine legal certainty and stakeholder confidence, highlighting the need for a balance between adaptability and finality in European restructuring framework (Tsioli, 2021; Wessels, 2023).

The MSE Insolvency Guide recommends that amendments during implementation should only occur under objective conditions, such as material changes in the debtor's financial or operational situation that threaten plan feasibility (United Nations Commission on International Trade Law, 2022: 155). Objective conditions ensure that amendments are justified, balancing flexibility for the debtor with creditor protection while providing legal certainty.

Amendment rights should be restricted to parties with a direct stake in the plan's implementation to reduce delays and preserve creditor confidence. Granting broad amendment rights risks strategic or obstructive behaviour, which could jeopardise successful outcomes. Amendment rights should be limited to the debtor, who bears primary responsibility for plan implementation, and to affected creditors, whose rights or obligations would be directly affected by the changes [Republic of Lithuania, 2019, Art. 102(2), Art. 2(9); Court of Appeal of Lithuania, 2020]. This limitation prevents procedural abuse while safeguarding the interests of key stakeholders.

Procedural safeguards are equally important. In Lithuania, any changes to a confirmed restructuring plan must follow the same procedure as the original plan, ensuring that amendments are transparently reviewed, creditor interests are protected and the competent authority properly verifies proposed changes (Republic of Lithuania, 2019, Art. 112). However, the requirement to follow the full initial procedure may limit flexibility when rapid changes are needed.

Innovative solutions, such as self-modifying plans, can improve alignment with a debtor's economic reality. These plans adjust payments based on actual income, enhancing flexibility while requiring monitoring to maintain creditor confidence (United Nations Commission on International Trade Law, 2022, para. 321). Additionally, *ex post* modifications could be limited to downward adjustments in repayment obligations to preserve creditor rights while allowing necessary relief.

Hence, legal frameworks for MSEs should explicitly delineate that the debtor and the affected creditors are entitled to propose amendments to the confirmed plan during the implementation. Objective conditions under which such changes can be considered and the procedural requirements for their approval should be specified. The self-modifying plan can be introduced, further improving the flexibility.

CONCLUSIONS

The restructuring framework for MSEs in Europe requires targeted legislative reforms to better align national laws with international best practices and the objectives of the European Restructuring Directive.

First, it is proposed to define successful implementation of a restructuring plan as the fulfilment of all financial and operational obligations established in the confirmed plan, including full or proportionate payment to affected creditors as provided therein, and the restoration of the debtor's long-term solvency. Long-term solvency should be assessed by the debtor's ability to remain solvent and operate independently in the market, without reliance on state aid or extraordinary creditor support, for a period of not less than 2 years and not more than 4 years following the conclusion of the restructuring proceedings.

Second, the period for the preparation of a restructuring plan should be shortened, with the possibility of a single extension of no more than 30 days in exceptional cases. In order to meet shorter deadlines and ensure a smoother process throughout the restructuring procedure, an insolvency practitioner (or a specialised SBRP) should be involved from the preparation stage until the confirmation of the plan.

Third, it is proposed to limit the grounds for appeals to exceptional circumstances, such as fraud or serious procedural violations, and establish a strict, shorter deadline for filing an appeal.

Fourth, legal provisions should permit modifications to confirmed plans under clearly defined conditions, with proposals limited to the debtor and the affected creditors. Mechanisms such as self-modifying plans can be introduced to enhance flexibility while maintaining transparency and creditor protection.

Adopting these reforms in the European restructuring framework for MSEs promises multiple significant benefits. Firstly, shorter deadlines and mandatory professional assistance can reduce procedural costs, making restructuring more accessible. Secondly, streamlined processes are likely to increase restructuring success rates, preventing viable businesses from unnecessary liquidation. Finally, entrepreneurial activity can be encouraged by reducing the fear of irreversible failure. These factors would contribute positively to the country's overall economic and social welfare.

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