

## **Company law**

**SIREVE is an administrative system aimed at dealing with the restructuring of companies out of a court of law**

Decree-law no. 26/2015, dated 6 February 2015, enacted a set of measures aimed at creating more favourable conditions in Portugal for restructuring companies that are undergoing economic/financial difficulties as well as for implementing long-term funding facilities and introducing new instruments regarding their re-capitalization. This set of measures forms a system – called SIREVE – designed to recover companies (the company) in financial difficulties or about to apply for restructuring to be implemented outside of insolvency court proceedings.

SIREVE acts by state administrative means and agreements between the company and all or part of its creditors without any court assistance.

Eligible companies should find a balance between their own capital and liabilities.

A company in these conditions should apply to IAPMEI (a state entity in charge of developing and supporting small and mid-sized companies) and indicate the creditor or creditors with whom it wishes to negotiate, *inter alia*, a reduction of credits or the extension of maturity terms, etc.. The selected creditor or creditors must represent at least 1/3 of all claimants. The company should also show IAPMEI its business plan demonstrating its recovery conditions as well as accounts relative to the last 3 years, a full list of credits over third parties and other required statutory documents.

A recovery agreement is reached when, among other conditions, the company's claimants amount to at least one half of the whole debts. These conditions are essentially the same provided for in the Company's Insolvency and Restructuring Code, with the assistance of a court in the case of the latter.

SIREVE purports, therefore, to create an administrative parallel procedure to court proceedings bearing in mind the importance of reducing the lengthy procedure usually associated with judiciary interventions.