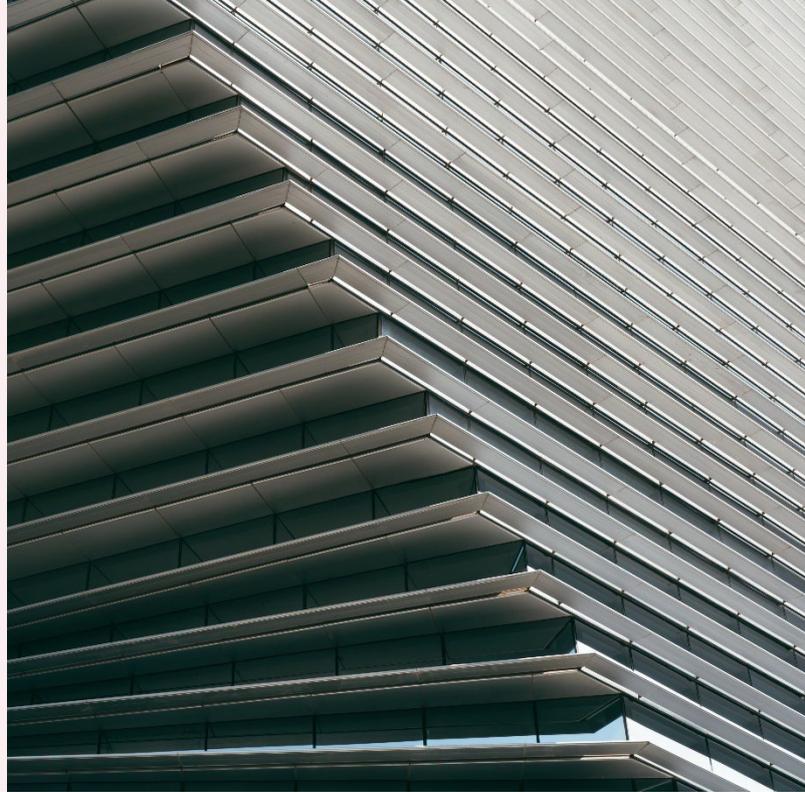


EU Directive Harmonising Insolvency Law

An Investment Opportunity

21 November 2025



The Council of the EU and the European Parliament have reached a provisional [agreement](#) on a new EU Directive that will harmonise key aspects of insolvency law across Member States. This development is part of the EU Capital Markets Union Plan and represents a significant step toward reducing the fragmentation of insolvency regimes in Europe, which has historically posed challenges for investors assessing cross-border risks in navigating up to 27 different insolvency regimes. This Directive once enacted is designed to help investors by providing greater legal certainty, comparability, and transparency across Europe's insolvency regimes, making it easier to assess and manage cross-border investment risks.

Why This Matters for Investors

- Making investor risk assessments easier across Europe: With more consistent rules the Directive aims to create a more predictable and efficient insolvency framework throughout the EU. By reducing discrepancies between national regimes, investors will be better able to assess and compare risks when investing in different Member States.
- Improved Creditor Recoveries: Harmonised measures are expected to maximise creditor recoveries and make the distribution of recovered value fairer and more transparent, reducing uncertainty for investors.

Key Harmonised Elements:

- Pre-packs: Standardised pre-pack proceedings, which provide for the automatic transfer of contracts essential to business continuation, will be available in all Member States. The Council stressed that there will be safeguards for certain contracts and workers' rights.
- Creditors' Committees: These will be required (at least for large enterprises), with harmonised rules on their composition and operation, supporting fairer outcomes for creditors.

- **Directors' Duties:** Directors will have clear obligations to act promptly in financial distress including an obligation to file for insolvency within 3 months of becoming aware of the distress although this may be suspended if measures to protect creditors are taken instead.
- **Avoidance Actions & Asset Tracing:** Minimum standards for avoidance actions and improved access to asset registers will enhance transparency and recovery prospects.
- **Transparency:** Each Member State will publish a factsheet outlining its insolvency regime, making it easier for investors to understand local rules.

Next Steps

- The agreement must be formally confirmed and adopted. Once in force, Member States will have two years and nine months to implement the Directive into national law. So, this latest announcement means we are one step closer to adoption.

Want to learn more?

Reach out to a member of the Restructuring & Insolvency team or check our previous briefings:

- [Another step closer: Draft EU directive harmonising certain aspects of insolvency law](#) (June 2025)
- [EU proposal for a directive harmonising certain aspects of insolvency law](#) (Dec 2024)
- [More harmonisation of insolvency laws is on its way across Europe](#) (Dec 2022)

or take a look at our [Debt Restructuring Guide](#).



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