



**STRENGTHENING THE ADMINISTRATIVE CAPACITIES
FOR IMPLEMENTATION OF THE LEGAL FRAMEWORK
FOR BANKRUPTCY AND LIQUIDATION
OF COMPANIES**

COMPILATION OF LAWS AND REGULATIONS

BANKRUPTCY AND LIQUIDATION

September, 2017

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Disclaimer:

The contents of this Compilation of Legal Acts for Bankruptcy and Liquidation has been prepared by the technical assistance team of the SCBL Project and represents an unofficial consolidation of applicable legal texts published in Official Gazette as of September 2017, and can in no way be taken to reflect the views of the European Union.

About the Compilation and the Project

The compilation in front of you is an unofficial consolidated text of the Bankruptcy Law and the Rulebooks for its application on 30 August 2017. In particular, an expedited register of fast work with legal acts has been issued. The Law on Trade Companies is also covered, in the part referring to liquidation and deletion of trade companies from the trade register ex officio.

The purpose of the compilation is to find one place (one-stop-shop) to find all legal and bylaw acts related to bankruptcy and liquidation in Macedonia, so that they can be used by all professionals in day-to-day operations, as operational assistance in conducting the procedures and better organization of working time. The publication of this compilation was made possible by the Project "Strengthening the administrative capacity for implementation of the legal framework for bankruptcy and liquidation of companies" (SCBL), which is realized with funds from the Instrument for Pre-Accession Assistance (IPA) of the European Union and is implemented by side of the consortium led by Pohl Consulting & Associates, in partnership with Ernst & Young. The aim of the project is to strengthen the administrative capacities of the bodies that implement the legal framework for bankruptcy. In the frames of the Project, numerous trainings, consultations and round tables have been realized so far, where the attention of the experts and numerous representatives of the professional institutions was directed towards analysis of the existing legal framework for bankruptcy and liquidation and their implementation. In addition, the need of the professional team was established from the creation of a current and consolidated compilation in which all legal acts and regulations that regulate this matter would be sublimated. Through the Project, trainings were conducted for the professionals who are dealing with bankruptcy and liquidation in Macedonia.

We hope that this compilation will be used by all those who are interested in bankruptcy and liquidation in Macedonia.

From the SCBL Project

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BANKRUPTCY LAW
PART ONE
GENERAL PROVISIONS

Subject of the Law

Article 1

This Law regulates the objectives and the conditions for commencement of a Bankruptcy procedure, the bodies of the bankruptcy procedure; management and disposition of the property that composes the bankruptcy estate; settlement of the claims of the creditors in the bankruptcy procedure; the legal consequences of the opening of the bankruptcy procedure; the plan for reorganization; personal management; relief from other obligations; special types of Bankruptcy procedure for individuals having a status of a trader, Bankruptcy procedure with a foreign element, and other issues concerning bankruptcy.

Meaning of used terms

Article 2

(1) The terms used in this Law shall have the following meaning:

1. "Financial collateral arrangement" is an arrangement under which the collateral provider commits to establish a security right upon financial instrument or cash, or to transfer his right to the financial instruments or cash as a collateral to the (name of) the collateral recipient;
2. "The bank or other legal entity that conducts the payment transactions for the debtor" shall be any bank or other legal entity, authorized by law, that conducts the payment transactions for the debtor;
3. "Due care and diligence" shall be a legal standard establishing the responsibilities of the Bankruptcy Trustee, conducting his duties and operations, which determines the due care performed by the bankruptcy trustee, regarding the entrusted tasks, or the requirement to act as a diligent and skilled person (a professional), whereby he shall be liable even for ordinary negligence while performing the entrusted operations;
4. "Cash" shall be money deposited to the account of the institutions for payment transactions, in domestic and foreign currency;
5. "Voluntary settlement" shall be negotiations between the debtor and creditor aimed to agreed (consensual) arrangement of the debtor-creditor relations.
6. "Secured creditor" shall be an individual or a legal entity that has a collateral right, other right to settlement over an asset, or a right registered in the public registers;

7. “Creditor with a right of extraction (separation) of object or right” shall be a person who can prove that certain object does not belong to the Bankruptcy Estate, on a basis of a ownership or personal right;
8. “Agreement on financial collateral with the right to security” shall be an arrangement for financial collateral under which the collateral provider gives the collateral as security (pledge) on behalf of the collateral recipient, whereas the collateral provider retains the ownership of the collateral, and the collateral recipient acquires the right to the security;
9. “Agreement for financial collateral with transfer of ownership” shall be an arrangement for financial collateral where the collateral provider transfers the ownership of the financial collateral to the collateral recipient;
10. “Creditor of the Bankruptcy Estate” shall be an individual or a legal entity, with a claim (receivable) from the debtor on any basis, incurred after opening of the Bankruptcy procedure;
11. “Debtor” shall be every individual or a legal entity against which a bankruptcy procedure may be opened, in compliance with this Law;
12. ‘Debtor in a Reorganization procedure’ is a legal entity – a bankruptcy debtor that shall be reorganized in accordance with the Plan for reorganization;
13. “Representative by Law” shall be an executive member of the Board of directors, member of the management board or a manager that represents the company in accordance with the law;
14. “Interested party” shall be any party, whose rights, responsibilities or interests are affected by the Bankruptcy procedure or by particular issues from the bankruptcy procedure, including the debtor, bankruptcy trustee, creditor, equity holder, board of creditors, competent government authority or any other stakeholder. Persons with remote, secondary or indirect interests affected by the bankruptcy procedure would not be considered as interested parties;
15. “Protection of value” (“adequate protection”) shall be the measures intended for sustaining the economic value of assets for collateral and assets owned by third party during the bankruptcy procedure. The protection may be provided through cash payment, allowing collateral over alternative or additional assets, or by other means as determined by the court aimed to provide the necessary protection;
16. “Debtor’s assets” shall be the property, rights and interests of the debtor, including the rights and interests in property, whether in debtor’s possession or not, the tangible and intangible rights, intellectual property rights, the

rights to movable and immovable property, including the debtor's interests in encumbered assets or in third party owned assets;

17. "Valuation Report" shall be a written report in which the certified valuer, using appropriate approaches and methods according to the international valuation standards, has appraised the value of objects and rights (non-financial contribution), as well as in other cases determined with this law;

18. "Company assets" shall be the total rights, ownership and other material rights that the company acquires over the assets (cash, objects and rights) that partners or shareholders invested in the company or which the company acquired during its operations;

19. "Assets for collateral" shall be an asset which secures the claims of the creditor.

20. "Statement of consent for equal treatment" shall be a statement that accompanies the Plan for reorganization, where the participants in the reorganization plan give their consent to different treatment within their group, as they establish particular groups whereas different types of creditors have different legal status;

21. "Enforcement of financial collateral" shall be automatic or similar enforcement, as agreed between the parties, whereas in accordance with the terms of a financial collateral arrangement or by operation of law, the collateral recipient is entitled to enforce (monetize) the appropriate financial collateral or a close-out netting provision comes into effect;

22. "Entity" shall be any individual or legal entity unless specified that it is a Individual or legal entity;

23. "Liquidation of the debtor" shall be the procedure for cashing in the debtor's assets or distribution of assets among the creditors in accordance with this Law;

24. "Lex fori concursus" shall be the law of the State in which the Bankruptcy procedure is commenced and conducted;

25. "Lex rei situs" shall be the law of the State in which the assets are located;

26. "Permanent address" is the place with address (street and number) of the individual, and the Country, if the individual is a foreigner;

27. "Suspension of the Procedure" shall be a measure which prevents the commencement, or suspends the continuation of judicial, administrative or other individual actions concerning the debtor's assets, rights, duties or liabilities, including actions to secure interests towards third parties or to enforce such security; and prevents enforcement against the assets of the

bankruptcy estate, the termination of a contract with the debtor, and the transfer, encumbrance or disposition of any assets or rights of the Bankruptcy estate;

28. “Unsecured creditor” shall be a creditor without any security provided upon his receivable.

29. “Insolvency” shall be a condition when the debtor is unable to fulfill its matured monetary obligations, or is unable to pay its liabilities or debts as they mature;

30. “Netting agreement” (close-out netting) marks all conditions stated in the financial collateral arrangement or in the agreement in which the financial collateral is part of the agreement, due to which-if those occur- it shall be deemed that all claims have matured, that the claims are converted into monetary claims and that they can be offset (settled, cleared) between each other at their current (actual) value;

31. “National standards” shall be the standards which refer to the procedure, the means and the terms for selling the assets of the Bankruptcy estate, the manner of keeping the documentation and other national standards when they are determined by this law and by the act within which the professional standards are stipulated;

32. “Certified auditor” shall be the person that conducts the audit in compliance with the authorization given on the basis of the Law on Audit;

33. “Certified Valuer” shall be the person who conducts the valuation as an certified valuer and who is registered in the Register of the certified valuers, established in accordance with law;

34. “Voidance provisions” shall be the provisions of this Law which envision transactions pertaining the transfer of assets or the assumption of liabilities prior to the commencement of the Bankruptcy procedure to be annulled or otherwise voided and any assets transferred, or their value, to be returned in collective interest of the creditors;

35. “Encumbered assets” shall be the assets that have none or insignificant value to the Bankruptcy estate or are burdened to the point where any retention would incur expenditures that would exceed the costs from the sales of the assets, or would encumber the assets or entail liability for payment;

36. “Approval by an authorized body” shall be a license, consent, decision or any other act by the authorized state body or another authorized body or organization, unless this Law stipulates the act of the state or another authorized body or organization;

37. “Management body” shall be the body of the joint stock company entrusted to manage the company such as a board of directors in the one-tier

system of management, or management board or administrator in the two-tier system of management, or as administrator(s) or body in which they are organized in limited partnership, limited partnership with shares, and in the limited liability company.

38. “Institution for payment transactions” shall be the banks authorized for conducting the payment operations in the State;

39. “Commencement of bankruptcy Procedure” shall be the date of opening of the bankruptcy procedure, determined by this Law or by the Court decision;

40. “Relief from obligations” shall be the exemption of a debtor from the claims that were or could have been encompassed with the Bankruptcy procedure;

41. “Secured claim” shall be a claim secured with a special right taken as a guarantee for the debt, enforceable in a case of debtor’s default;

42. “Security of financial collateral” shall involve the acts necessary for establishing a security right over a financial instrument or cash, or for transferring financial instruments or cash as a collateral in favor of the collateral recipient;

43. “Security for fulfillment of obligations” shall be the collateral given on the basis of contract or other collateral arrangement in accordance with the law, and it may refer to present, future, conditional, unconditional, due (matured) or deferred obligations, regardless whether they stem from one or more contractual arrangements, obligation of third parties, obligations that are specified or specifiable, and obligations arising sporadically;

44. “Secured creditor” shall be the creditor with a secured claim.

45. “Security right” shall be the right over the assets for securing the payment or other enforcement of one or more liabilities;

46. “Settlement” shall be where a claim for an amount of money owed to a person is used for settlement or reduction of a claim of amount of money which that person owes.

47. “Cash earnings” shall be the earnings of the sale of encumbered assets to the extent that the earnings are subject to a security right;

48. “Enterprise” shall be the sum of rights, objects and factual relations which have property value and which belong to the business activities of the legal entity, whereby these elements consist of the assets and liabilities of the legal entity;

49. “Assignment / Allocation” shall be every type of transferring or dividing the assets or the right over the assets, whether it is done as a whole or in part;

50. “Pari passu” shall be a principle according to which the claims of the creditors from same payment ranks are treated and settled proportionately to their claims on the assets from the bankruptcy estate available for distribution to the creditors of their rank;
51. “Post-commencement bankruptcy claim” shall be a claim that arise after the commencement of the Bankruptcy procedure;
52. “Priority” shall be a right of a claim ranked above of another claim, where that right arises by the application of this Law;
53. “Priority claim” shall be a claim that is to be settled before settlement of unsecured creditors’ claims;
54. “Persons related to the debtor” shall be: 1) a person who is or has been in position of control over the debtor; 2) a parent, subsidiary, partner or affiliate of the debtor. Regarding the debtor who is an individual, related person indicates persons who are related with the debtor by consanguinity or other kinds of relations;
55. “Sale as a whole” shall be a sale or transfer of a business in whole or substantial part, as opposite to the piecemeal sale of separate assets of the business;
56. “Deviation / Variance period” shall be the period of time within which certain transactions can be void. The period is usually calculated retroactively from the date of filing for the bankruptcy procedure or from the date of commencement of the bankruptcy procedure;
57. “Reorganization procedure” shall be a procedure that includes the debtor’s proposal for commencement of Reorganization procedure, hearing and voting of creditors upon the proposal, preparation of the Plan for reorganization, voting of creditors upon the Plan for reorganization, and any other activities taken by the bankruptcy judge, the debtor and creditors regarding the reorganization of the debtor based on the Plan for reorganization;
58. “Statement for assumption of the debt” shall be a statement which was given voluntarily in the Bankruptcy procedure and by which a third party assumes the debt voluntarily under the conditions stipulated in the statement;
59. “Regular course of business” involves any transaction consistent with the debtor’s operation before commencement of the Bankruptcy procedure and the regular business terms and conditions;
60. “Reorganization” shall be the process by which the assets, financial well-being and viability of the debtor’s business can be restored, and the debtor’s enterprise can continue to operate, using various means, stipulated by this Law, and above all by debt release (write-off), debt deferral,

conversion of a debt into company's stake, and the sale of the business as a whole or a piecemeal sale;

61. "Headquarters" shall be the location, the address (street and number), stated in the company's charter, the statute or in the statement for founding of a limited liability company with one person, as recorded the commercial register;

62. "Statutory changes" shall be acquisition, merger and division of companies or other legal entities under the terms and conditions stipulated by law;

63. "Equity holder" shall be the holder of stakes, issued shares or similar right that represents an ownership claim of part of the company's capital or its enterprise.

64. "Bankruptcy creditor" shall be an individual or a legal entity with claim against the debtor, that occurred before commencement of the bankruptcy procedure, regardless the reason;

65. "Bankruptcy estate" shall be the assets of the debtor that are subject of the bankruptcy procedure;

66. "Bankruptcy procedure" shall be the collective procedure conducted by the court authorized for reorganization or liquidation of the debtor;

67. "Bankruptcy trustee" shall be a person authorized to administer the debtor's reorganization or liquidation in the Bankruptcy procedure;

68. "Foreign procedure" shall be a collective judicial or administrative procedure in a foreign country, including a preliminary procedure, pursuant to a bankruptcy law in which the assets and affairs of the debtor are subject to control or supervision by a foreign court, for the purpose of reorganization or cash in;

69. "Foreign collective procedure" shall be a foreign procedure taking place in the country where the debtor has the registered headquarters;

70. "Foreign Bankruptcy Trustee" is an individual or a body, including the one temporary appointed, authorized in a foreign procedure to administer the reorganization or the liquidation of the debtor's assets or affairs or to act as a Bankruptcy Trustee in the foreign procedure;

71. "Foreign court" shall be a court or other judicial bodies authorized to control or supervise the foreign procedure;

72. "Commercial / Trade register" shall be a basic register where all entries are made stipulated with this Law and other laws;

73. "Costs of the bankruptcy procedure" shall be claims which include costs of the procedures, as well as the remuneration of the Bankruptcy Trustee and

the persons appointed by the Bankruptcy Trustee, costs for continued operation of the debtor, the debts arising from authorizations and competencies of the Bankruptcy Trustee, costs arising from the contractual and legal obligations and other costs of the procedure;

74. “Costs for identification of an object” shall be the costs for a real identification of the object and the costs for determination of rights that encumbered that object, determined as a lump sum, as 5 percent of the sales revenues or other way of disposition with the object;

75. “Conditions for enforcement of a financial collateral agreement” shall be triggered by a prior determined event or similar event as those agreed between the parties or determined by law upon whose occurrence the collateral recipient is entitled to monetize the financial collateral or a close-out netting provision enters into force;

76. “Financial contract” shall be any spot, forward, future, option or swap agreement involving interest rates, commodities, foreign currencies, equities, bonds, indexes, or any other financial instrument, any repurchase or security lending transactions, and any other transaction similar to the transactions referred to above, conducted on financial markets, and any combination of the above mentioned transactions;

77. “Financial collateral” shall be either cash or financial instruments;

78. “Preference” shall be any transaction resulting in a creditor gaining an advantage or irregular payment;

79. “Financial instruments” shall be: shares or other securities of the company; securities equivalent to shares of companies; bonds and other forms of debt instruments intended for placement and sale on the capital market; other securities issued in series which give the owner the right to purchase, sell or to exchange these securities for other securities of the same issuer and the exercise of this right is provided by contract signed between the owner and the issuer, sale or exchange of these securities (excluding instruments of payment); transferable coupons of mutual funds, money market instruments, debt instruments issued by the National Bank of the Republic of Macedonia and all other rights and claims relating to the above mentioned financial instruments.

(2) For the purposes of this Law, use of the singular shall also include the plural and the plural can be considered as the singular, except when the use of the words “only” and “except” excludes the plural or the singular. “

Include” or “including” shall not be intended to indicate an exhaustive list; “may” shall indicate permission and “should” shall indicate instruction; and “such as” and “for example” shall be interpreted the same as “include” or “including”.

Objectives of the Bankruptcy procedure

Article 3

(1) Bankruptcy procedure aims to achieve a collective settlement of the creditors of the bankruptcy debtor (hereinafter referred to as “debtor”) through sales and cashing in the debtor’s assets and distribution of the collected revenues (income) to the creditors, or by arranging a special contract for settlement of claims established with the plan for reorganization intended to sustain the debtor’s business venture (hereinafter referred to as: “enterprise”)

(2) The settlement of the claims may also be conducted through reorganization even before commencement of the Bankruptcy procedure, under the conditions stipulated with this Law.

Persons over whose assets a bankruptcy procedure is conducted

Article 4

(1) Bankruptcy procedure may be conducted over the assets of a debtor - legal entity, as well as over the assets of a debtor-individual who had a registered business activity, unless otherwise stipulated by this Law.

(2) Bankruptcy procedure may also be conducted against the assets of an economic interest group, against the assets of a deceased person, or against mutual assets of spouses.

(3) Bankruptcy procedure may not be conducted over the property of the Republic of Macedonia, over the funds financed from the Budget of the Republic of Macedonia, over the pension and disability insurance funds, the health insurance fund, local self-government units, the bodies of the state administration as well as other legal entities with public authorization if such legal entities are exempt from bankruptcy procedure by Law.

(4) The founders or the shareholders shall be jointly liable for the obligations of the legal entity referred in paragraph (3) of this Article, against which the Bankruptcy procedure is not to be conducted.

(5) The provisions of this Law shall not apply to the bankruptcy procedure on banks, saving houses, insurance companies and other financial organizations, except the provisions regulating the issues which are not regulated with special laws.

(6) Bankruptcy procedure may also be opened upon company's liquidation, until the distribution of the liquidation estate has not been completed.

Conditions for opening bankruptcy procedure

Article 5

(1) A bankruptcy or reorganization may be opened over the bankruptcy debtor when the bankruptcy debtor is insolvent or the insolvency is forthcoming.

(2) The debtor shall be considered insolvent if, within a period of 45 days, there has not been any payment completed, from any of his accounts at any institution authorized for payment operations, for the amount that was due for payment based on valid grounds for payment.

(3) The provisions referred in paragraph (2) of this Article shall not be applied if, during the preliminary procedure, the debtor paid all claims that were due for payment paid based on valid grounds for payment from all his accounts, or in case the debt was assumed. The debtor can prove the payment requirement was made through a public document or with a confirmation issued by the Central Register of the Republic of Macedonia (hereinafter referred to as: Central Register).

(4) The existence of the circumstances referred in paragraph 2 and 3 of this Article regarding the insolvency of the debtor is proved with confirmation issued by the Central Register. Upon request, the Central Register shall be obliged without delay to issue such confirmation to the person submitting the request; otherwise it shall be liable for the damages that the creditor may have suffered.

(5) Forthcoming insolvency shall be acknowledged only if the debtor proves the inability to pay the liabilities when they become due for payment.

PART TWO

BANKRUPTCY PROCEDURE

CHAPTER ONE

BASIC PROVISIONS FOR THE PROCEDURE

Local jurisdiction

Article 6

(1) The Court on the territory of which the debtor has its registered headquarters has the local jurisdiction in the bankruptcy procedure. The local jurisdiction of the court established at the day of submission of the proposal for opening of the bankruptcy procedure, cannot be further changed regardless of the circumstances of the case.

(2) The court that adopted the decision for opening a bankruptcy procedure has an exclusive jurisdiction for deciding upon the lawsuits on the disputed claims incurred after the opening of the bankruptcy procedure. The court that conducts the procedures is obliged, upon the request of the court that adopted the decision for opening a bankruptcy procedure, to submit the file with all documents without delay.

Application of the provisions from the Law on Civil Procedure

Article 7

Unless otherwise stipulated by this Law, the provisions of the Law on Civil Procedure shall be appropriately applied to the Bankruptcy procedure.

Principles of the procedure

Article 8

(1) The bankruptcy procedure shall be initiated upon a proposal.

(2) The bankruptcy procedure is urgent.

(3) The Court has the right to reach a decision without oral hearing.

(4) The Court can waive the hearing of the debtor, when it is stipulated by this Law or if the persons authorized by law to represent the debtor or the persons that hold part or shares with the debtor or the debtor-individual himself, have an unknown place of residence, or are abroad, so that their hearings would cause excessive delays of the procedure.

(5) Proposals, statements and objections cannot be made or submitted if the deadline, the hearing, or the assembly on which such statement and petitions should have been submitted is missed, unless otherwise stipulated with this

Law. Unless otherwise stipulated by this Law, reversion is not allowed with the bankruptcy procedure.

(6) Tables and reports may be prepared and processed electronically.

Delivery

Article 9

1) Unless otherwise stipulated by this Law, the court's notification addressed to a broad number of persons shall be delivered by posting them on the bulletin board for bankruptcy in the court (hereinafter referred to as: bulletin board) as well as on the bulletin board of the debtor. The delivery shall be considered as completed on the third day after the notice has been posted on the bulletin board.

2) Pursuant to the provisions of this Law, when a court notification or other kind of a written document of a bankruptcy body should be delivered to the debtor or to any other person who has a registered headquarters with the trade register, it shall be delivered at the address of the headquarters recorded in the register. If the document cannot be delivered at the address recorded in the register, the delivery shall be conducted by posting the notification on the bulletin board for bankruptcy in the court. The delivery shall be considered as completed on the third day after the notification has been placed on the bulletin board.

(3) The court will appoint a temporary representative for receiving notification to a person with an unknown place of residence, if the person does not have an authorized person for receiving notification. In that case, the delivery shall be made to the authorized person for receiving notification or to the temporary representative.

(4) For the notifications delivered through the bulletin board of the court, a chronological register of the posting of the notification shall be kept individually for each debtor. The register is public and has to be accessible to every interested party during the court's working hours.

(5) The court shall not have further obligation to notify a participant in the procedure for attending the hearing, or assembly if the participant has been properly notified and has not attended the hearing or assembly and has not justified his absence. Upon his request the court shall be obliged to hand him the invitation in court.

(6) The Minister for Justice shall prescribe the contents and the method of keeping the register.

(7) The delivery of the court notifications and other kinds of written documents to the bankruptcy bodies, conducted by the court, may be entrusted to the bankruptcy trustee.

(8) The bankruptcy judge and the bankruptcy trustee shall be liable for the delivery of the notification to the members of the Board of Creditors for the first session of the Board of Creditors.

Public Announcement

Article 10

(1) Court notices (decisions, summons, notices and other) that should be publicly announced, shall be delivered to the Central Register which shall publish them on its web-site. Also, they will be published in the “Official Gazette of Republic of Macedonia”, as well as on the bulletin board in the court, in whole or in part, as determined by the court. In the published notice, the business name or the name and surname of the debtor, his registered office, address, unique identification number and unique tax number, bank account, and the scope of operations should be precisely stated.

(2) The court notices shall become effective eight days after their publication in “The Official Gazette of Republic of Macedonia”. After establishment of the trade register and the register of other legal entities, the public announcements referring to the subjects entered in these registers shall become effective on the next day after their publication on the web-site of the Trade Register.

(3) With the exception of paragraph (1) of this article, the decisions for the meetings of the Assembly of Creditors shall be published on the web-site of the Central Register and in one of the three most circulated daily newspapers for the previous year, that are distributed on the entire territory of the Republic of Macedonia.

(4) In a case of incorrect information referred in paragraph (1) of this article, the correction shall be published in the same newspaper and on the same web-site. The deadlines are imposed from the day when the correction was published.

(5) The public announcement of the court notice shall represent proof that the delivery of the same has been made to all participants in the bankruptcy procedure, if the delivery has been made in accordance with this Law.

(6) The decision in relation to opened, stopped (halted) and closed bankruptcy procedure and other court decisions that affect the data entered in the Trade Register, and the register of other legal entities shall be mandatorily entered in the registration file. The data issued by the Central Register shall be considered as reliable.

Decisions

Article 11

(1) Decisions in the bankruptcy procedure shall be adopted in a form of a decision and conclusion.

(2) An order for carrying out specific activities shall be provided to the official person or body of the bankruptcy procedure together with the conclusion. In all other cases the court shall adopt decisions, unless otherwise stipulated by this Law.

Appeal against decision

Article 12

(1) The decision adopted by the bankruptcy judge may be appealed to the appellate court through the competent basic court in a period of 8 days, if provided with this Law.

(2) The untimely, illicit or incomplete appeal or appeal for which the court fees are not paid shall be rejected. The first working day of the day when the appeal is received, the bankruptcy judge from shall deliver the case file with all its enclosures to the appellate court. The filed appeal is not sent for response to the other (opposite) party.

(3) The appellate court shall reach a decision upon the appeal in a period of 30 days of the day when the appeal was received, unless a different deadline is determined by this law. The second instance court does not hold hearing upon the appeal. If the council determines at the meeting that the decision is appealed on the basis of essential violation of the rules of the procedure or based on incorrect and incomplete established factual situation, and the decision has already been abolished once, the competent appellate court will decide on the merits without holding a hearing.

(4) In case where the decision of the bankruptcy judge is abolished and the case is returned to the first instance court, the bankruptcy judge is obliged in a period of eight days of the day then the decision of the second instance court is received to reach a decision or to schedule a hearing.

(5) Appeal is not allowed against the procedural decisions for administering the procedure adopted by the bankruptcy judge.

(6) If under this Law, the delivery is conducted by posting the notice on the bulletin board, the deadline for filing an appeal starts upon the expiry of three days of the day when the notification is posted on the bulletin board, unless the delivery is also conducted through public announcement.

(7) Provided that under this Law, the decision should be delivered to specific persons, the deadline for filing an appeal begins the day following the delivery date, unless the delivery also performed with public announcement.

(8) The appeal against the decision referred in paragraph (1) of this article does not withhold the enforcement, unless otherwise determined by this Law.

Petition (Objection) against conclusion

Article 13

(1) A petition may be filed against a conclusion within three days as of the day of the announcement of the conclusion, and if the conclusion has not been announced, a petition against it may be filed as of the day of its delivery.

(2) The bankruptcy judge shall decide upon the petition to the conclusion in a period of three days of the day when the petition is received, by adopting a decision. Appeal is not allowed against the decision reached by the bankruptcy judge, unless otherwise determined by this law.

(3) The petition referred to in paragraph 1 of this Article shall not withhold the enforcement of the conclusion.

Extraordinary legal remedies

Article 14

An extraordinary legal remedy cannot be issued in the bankruptcy procedure

Expenses (Costs) of the procedure

Article 15

Each of the creditors shall bear their own expenses of the bankruptcy procedure, unless otherwise stipulated by this Law.

CHAPTER TWO

BANKRUPTCY COUNCIL

Composition of the Bankruptcy Council

Article 16

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Authorization of the Bankruptcy Council

Article 17

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CHAPTER THREE

BODIES OF THE BANKRUPTCY PROCEDURE

Bodies of the bankruptcy procedure

Article 18

Bodies of the bankruptcy procedure are the bankruptcy judge, bankruptcy trustee, Board of Creditors and Assembly of Creditors.

BANKRUPTCY JUDGE

Authorization of the Bankruptcy judge

Article 19

(1) The bankruptcy judge shall:

- 1) Decide upon initiating of a preliminary procedure for determining whether the reasons for opening of a bankruptcy procedure exist and shall conduct such procedure;
- 2) Decide upon opening of a bankruptcy procedure;
- 3) Appoint and dismiss the interim bankruptcy trustee and the bankruptcy trustee;
- 4) Decide upon the petitions filed by the bankruptcy trustee against the adopted conclusions;
- 5) Decide upon the petitions filed by the creditor, by the Board of Creditors, or by the Assembly of Creditors;
- 6) Upon proposal of the Board of Creditors or proposal of the bankruptcy trustee, if the Board of Creditors is not established, complete the initiated activities which should be completed in the course of the bankruptcy procedure;
- 7) Supervise the work of the bankruptcy trustee;
- 8) Approve the calculation of the expenses of the bankruptcy procedure before their payment;
- 9) Determine the reward and reimbursement of the expenses of the bankruptcy trustee and the members of the Board of Creditors;
- 10) Determine the amount of the advance payment for covering the expenses in the preliminary procedure;
- 11) Approve payments to creditors;
- 12) Adopt the decision for closing the bankruptcy procedure; and
- 13) Perform other activities stipulated by this Law.

(2) The Bankruptcy Judge may *ex officio*; in accordance with paragraph 1 item 7 of this article, upon a petition or upon a proposal of other bankruptcy procedure bodies, after soliciting an opinion from the Board of Creditors, amend the decisions of the Bankruptcy trustee, if he determines that such decisions are against this Law.

(3) Within the authorization stipulated by this Law, the Bankruptcy Judge shall provide written instructions to the bankruptcy trustee regarding the performance of his mandatory duties stipulated by this Law.

(4) The bankruptcy judge monitors the work of the Board of Creditors as well as of the Assembly of Creditors.

BANKRUPTCY TRUSTEE

Who may be appointed for bankruptcy trustee

Article 20

(1) As bankruptcy trustee shall be appointed an individual who:

- Obtained license for operating as bankruptcy trustee;
- Is registered in the trade register as sole proprietor, general partnership or limited liability company (hereinafter referred as “company”), certified as bankruptcy trustees and registered for performing the activities referred to paragraph (3) of this article; and
- Is member of the Chamber of Bankruptcy trustees;

(2) When the bankruptcy judge appoints company as bankruptcy trustee, he shall appoint one of the individuals employed with the company who obtained license for operating as bankruptcy trustee. In addition to the name and surname of the individual, the name of the company which is registered in the trade register for operating as a bankruptcy trustee shall be stated.

(3) Individuals who obtained license for to operate as a bankruptcy trustee and are registered in the trade register as sole proprietor, or the companies referred in paragraph (1) of this article, can perform activities exclusively related to the implementation of the bankruptcy procedure, as well as with preparation and supervision over the execution of the plan for reorganization, as determined by this Law.

Who may not obtain a license for bankruptcy trustee

Article 21

An individual or a company may not obtain a license for bankruptcy trustee if:

- 1) it is determined with effective court decision that the individual or the legal entity intentionally caused bankruptcy, due to which the creditors could not collect their claims, until the court's prohibitions are still in force;
- 2) was a member of management body or administrator in a company over which a bankruptcy procedure has been initiated and the management board did not act in accordance with article 354 of the Law on Trade Companies (Trade Company Law);
- 3) was a member of management body or administrator in a company whose bank account has been blocked and did not act in accordance with article 51 paragraph (9) of this Law; and
- 4) in all other cases when under a law the prohibition for performing activities is determined, as long as the prohibition determined by court is in force;

Who may not be appointed for a bankruptcy trustee

Article 22

(1) The following persons cannot be appointed as bankruptcy trustee:

- 1) A lineal relative to any extent, and remote family relation up to four times removed, relatives in-law up to second degree, or a spouse of the bankruptcy judge or members of the bankruptcy council.
- 2) Debtor who is jointly liable with the bankruptcy debtor;
- 3) Has been in a contractual relation, shareholder or member of the management or supervisory board of the bankruptcy debtor in the preceding 3 years prior initiating the bankruptcy procedure;
- 4) Any employee in the bankruptcy debtor or in the preceding 3 years prior initiating of the bankruptcy procedure;
- 5) Creditor of the bankruptcy debtor or any employee thereof in the preceding 3 years prior to initiating the bankruptcy procedure;
- 6) Debtor of the bankruptcy debtor in the preceding 3 years prior to initiating the bankruptcy procedure;
- 7) Competitor of the bankruptcy debtor or employee thereof, or a person that has any kind of conflict of interests in relation to the bankruptcy debtor in the preceding 3 years prior to initiating the bankruptcy procedure;

8) Any person that acted as an advisor to the bankruptcy debtor regarding to the debtor's assets in the preceding 3 years prior to initiating the bankruptcy procedure;

9) A lineal relatives to any extent, and collateral (remote family) relation up to fourth degree, relatives in law up to second degree of any person that may not be appointed for a Bankruptcy trustee according to items 2 – 8 of this Article.

(2) Bankruptcy trustee- legal entity cannot be appointed as bankruptcy trustee, if any of its employees which participate in the conducting of the bankruptcy procedure, meets the requirements referred in paragraph (1) of this article.

Article 22-a

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Obtaining license for an certified bankruptcy trustee

Article 23

(1) The professional exam for obtaining a license for certified bankruptcy trustee shall be taken upon completion of the initial training. The professional exam can be taken by an individual who fulfils the following conditions:

- Is a Macedonian citizen;
- Has residence address in Macedonia;
- Has university education in appropriate field (diploma for completed four year university education or diploma with 300 credits according to the European credit transfer system (ECTS));
- There should be no ban for professional conduct, activity or duty imposed, within the duration of the ban consequences;
- Has at least three years of working experience after graduation in the field of law, economics or business administration, or other faculty education in accordance with the provisions of this article, and five years of working experience after graduation in trade/commercial area, and
- Has confirmation for regular attendance of the initial training issued by the Chamber of Bankruptcy Trustees;

(2) The candidates are obliged to attend the initial training for bankruptcy trustees before taking the exam for obtaining the license (for passed exam) for certified bankruptcy trustee;

(3) The initial training for operating as bankruptcy trustee in duration of at least 30 hours is organized and carried out by the Chamber of Bankruptcy trustees, at least twice in a year, according to the programmed in paragraph (8) of this article. The Chamber shall issue confirmation for completion of the initial training to the individual who attended the training.

(4) The costs for enrolment in the initial training are determined by the Chamber of Bankruptcy trustees, upon obtained prior consent from the Minister of Economy. The enrolment costs for the initial training are funded by the candidate who visits the training.

(5) The exam consists of two parts:

1) First part (theoretical part) whereby the theoretical knowledge of the candidate is assessed;

2) Second part (practical part) whereby the implementation capacity for preparation of the reorganization plan for the company in bankruptcy is assessed;

(6) The first part of the exam, referred in paragraph (5), item 1 of this article is taken electronically, by answering specific number of questions through solving electronic test on the computer.

(7) The second part of the exam, referred in paragraph (5), item 2 of this article is comprised of:

1) Practical example / Application - preparation of plan for reorganization, and

2) Questions which the candidate should answer based on the analysis of the practical example;

(8) The exam is conducted according to the programmed who defines the content, relevant regulations and subsequent literature. The program for taking the exam is adopted by the Minister of Economy.

(9) The question banks for the first and for the second part of the exam referred to in this article are prepared by the Committee for examination formed by the Minister of Economy, upon proposal of:

- The minister of economy, two members of which one is a professional in the area of commercial and bankruptcy law, and one is a senior civil servant in the Ministry of Economy,

- The Bankruptcy judges at the Supreme Court of the Republic of Macedonia

- The Chamber of Bankruptcy Trustees from the pool of certified bankruptcy trustees and the Chamber of certified valuers.

(10) The questions from the first part of the exam and the questions and practical part of the exam are verified by the Professional Examination Committee. The Committee reviews and updates the question banks and the practical examples at least twice a year.

(11) The professional and administrative activities necessary to conduct the exam are performed within the Ministry of Economy, and the exam is technically conducted by a legal entity registered in the trade register, selected by the Minister of Economy;

(12) In the review of the questions, the Committee especially takes into consideration the amendments in the regulations on which the question or the practical example is based, number of candidates who answered it, the success in the answering of the questions, as well as other criteria that may influence the improving of the quality of the question banks. Based on the review and update at least 30% of the questions and practical examples should be modified or completely replaced with new ones in the question banks and practical examples.

(13) The members of the Committee for verification of the question banks and practical examples are entitled to monetary remuneration, determined by the Minister of Economy. The amount of the monetary remuneration shall be determined based on the number of prepared questions and practical examples and the complexity of the matter. The amount of the annual monetary remuneration cannot exceed the amount of three average salaries paid in Republic of Macedonia in the previous year, as published by the State Statistical Bureau.

(14) The candidate submits the request for taking the exam to the Minister of Economy. Enclosed with the request, the candidate is obliged to submit proof for fulfilling the conditions for taking the professional exam, as determined by this Law. The Minister of Economy, or person authorized by the Minister determines if the individual fulfils the conditions for taking the exam. Against the decision with which the request for taking the exam is refused, an administrative dispute can be initiated in a period of 30 days of the day of receipt of the decision.

(15) Penalty in amount of EUR 2,000 to EUR 3,000 in Denar counter-value shall be imposed to the person referred in paragraph (14), who shall allow to

a candidate who does not fulfill the conditions prescribed under this Law to take the exam.

(16) For each session of exams, the authorized person referred in paragraph (14) of this article is entitled to monetary remuneration, in amount of one third of the average salary in Republic of Macedonia, for which the Ministry of Economy shall adopts a decision.

(17) The costs for taking the exam are determined by the Minister of Economy. The costs for taking the exam for certified bankruptcy trustee are funded by the candidate taking the exam.

Article 23-a

(1) The applicants whose request for taking the exam was approved and the public shall be informed of the date and time of taking the exam, at least eight days before the exam is conducted through the website of the Ministry of Economy and the Public Broadcasting Service.

(2) The candidate shall be allowed to take the exam in the first term following the date of the approved application for taking the exam.

(3) The exam is taken in an examination room, specially equipped for conducting the professional exam, with material-technical and IT equipment, internet connection and equipment for recording the exam.

(4) The examination is recorded and broadcasted live on the web site of the Ministry of Economy, and if for technical reasons the recording is interrupted, the recording of the entire exam is posted on the web site of the Ministry of Economy.

(5) The criteria regarding the spatial conditions and the material-technical and IT equipment of the premises for conducting the professional exam shall be prescribed by the Ministry of Economy.

(6) One representative from the Ministry of Economy, one representative from the Chamber of Trustees, one representative from the Committee for conducting the exam and one representative from the Ministry of Information Society and Administration (IT professional), are present in the examination room during the exam.

(7) The representatives from paragraph (6) of this article shall receive a monetary compensation equal to one third of the average net salary in the Republic of Macedonia for each conducted exam session, for which the Ministry of Economy shall issue a decision.

(8) The authorized legal entity that technically conducts the exam shall be obliged to block the radio frequency in the examination room during the exam sessions.

(9) The Agency for Electronic Communications (hereinafter: AEC) performs constant monitoring of the blocking of the radio frequency band in the premises for passing the exam.

(10) AEC installs in the examination room the measuring equipment which provides an electronic record of the performed measurements for a period of 30 days and they are stored in the central control system of the AEC.

(11) AEC establishes a three-member Committee that prepares a report based on electronic records stored in the central control system of the AEC and submits it to the Ministry of Economy no later than 15 days after the completion of the exam session.

(12) A fine in the amount of 10,000 Euro in Denar counter-value shall be imposed to the authorized legal entity that technically conducts the exam, if it does not block the radio frequency band in the examination room.

Article 23-b

(1) Before the start of the professional examination, a representative from the Ministry of Economy shall determine the identity of the candidate with an insight into the identity card.

(2) The candidate during the taking of the first part of the exam shall not be allowed to use laws, laws with commentary and explanation, mobile phone, portable computer devices and other technical and informational means, previously prepared objects, and alike.

(3) During the second part of the exam, the candidate is allowed to use only the laws (without comments and explanations) that are in an electronic version on the computer where the candidate takes the exam.

(4) During taking the first and second part of the exam, the candidate shall not be permitted to contact with other candidates or persons, except with the IT technician in case of a technical problem with the computer.

(5) If the technical problems with the computer are removed within five minutes, the exam continues, and if they are not eliminated within this deadline, the exam will be terminated only for that candidate and will be held within a maximum of three days from the day of termination of the exam.

(6) If there are problems with more than five computers and if they are not removed within five minutes, the exam is interrupted for all candidates who take the exam and will be held within a maximum of three days from the day of termination of the exam.

(7) If the candidate, when taking the first and second part of the exam, acts contrary to paragraphs (2), (3) and (4) of this article, he will not be allowed to continue with the exam in the determined term and a prohibition for passing an exam for a bankruptcy trustee for a period of three years shall be imposed to the latter, for which the Ministry of Economy issues a decision against which an administrative dispute can be initiated before a competent court within 30 days from the day of the receipt of the decision

(8) In the cases referred in paragraph (7) of this article, it shall be deemed that the candidate did not pass the professional exam and same shall be recorded in the minutes for taking the professional exam.

(9) The authorized representatives referred to in article 23 paragraph (5) of this Law may not be held for more than five seconds in the immediate vicinity of the candidate who takes the exam during the examination, except in case of removal of a technical problem, in which case they cannot be held for more than five minutes.

(10) A fine in the amount of 2,000 to 3,000 Euro in Denar counter-value shall be imposed on the authorized representatives referred in article 23-a paragraph (7) of this Law if it allows the candidate to act contrary to paragraphs (2), (3) and (4) of this article.

(11) A fine in the amount of 100 to 200 Euro in Denar counter-value shall be imposed on the candidate acting contrary to paragraphs (2), (3) and (4) of this article.

Article 23-c

(1) If during the taking of the exam there are justified reasons for which the candidate cannot continue the examination (illness, maternity leave, etc.), the exam shall be terminated for a limited period of time, which cannot be longer than six months.

(2) The decision for continuation of the exam shall be adopted by the Minister of Economy upon the candidate's request. The application shall be filed within eight days after the termination of the reasons for postponing the exam, but no later than six months.

(3) If the candidate fails to submit an application for the continuation of the exam within the deadline specified in paragraph (2) of this article, it shall be deemed that the candidate did not pass the exam.

(4) Against the decision of the Minister of Economy referred to in paragraph (2) of this article, the candidate may initiate an administrative dispute before the competent court within 30 days from the day of the receipt of the decision.

(5) In the continuation of the exam, the candidate does not take the part of the examination that was previously taken.

Article 23-d

(1) The professional exam begins by passing the first part (theoretical part) and then the second part (practical example).

(2) The second part shall be taken in a period of at least 15 days after the successful taking of the first part.

(3) The Minister of Economy shall prescribe the method of scoring the first and second part of the exam with a Rulebook.

Article 23-e

(1) The first part of the exam is taken for each appropriate field and contains at least 50 multiple-choice questions with five offered answers, one of which is correct, where two are similar, one is not accurate on a small scale (for which a small number of points are being lost) and one is not accurate on a large scale (for which a larger number of points are being lost).

(2) The condition for taking the second part of the exam is for the candidate to pass the first part of the exam.

(3) If the candidate fails to pass the first part of the exam in accordance with paragraph (2) of this article, it shall be deemed that he did not pass the exam.

Article 23- f

(1) The second part of the exam is consisted of a practical example.

(2) The questions that are an integral part of the practical example are from the appropriate field and have ten possible options for answers, one of which is correct, five are similar, and four are different.

(3) If the candidate fails to pass the second part of the exam, it shall be deemed that he did not pass the exam.

Article 23-g

(1) The taking of the first part of the professional examination shall be carried out by answering a number of questions in the form of solving an electronic test on a computer.

(2) Test questions, depending on heaviness, shall be evaluated with the points specified in the test.

(3) The second part of the professional examination is carried out by examining the practical example and answering a number of questions arising from the practical example in the form of an electronic software solution (hereinafter: an electronic practical example).

(4) The questions from the practical example, depending on the heaviness, are evaluated with the points specified in the practical example.

(5) The questions contained in the tests for taking the first part of the professional exam and their answers, as well as the practical example and the questions arising from the practical examples and their answers are kept in the unique electronic system for taking the professional exam.

(6) The electronic system referred in paragraph (5) of this article shall contain a publicly available database (question bank) of at least 100 questions for each field, as well as a publicly available database of at least 50 practical examples for each area for the purposes of the second part of the exam.

(7) The electronic system contains a reference to the regulations and literature that contains the answers to the questions from the first part of the exam and the regulations for the second part of the exam.

(8) The number of questions and practical examples in the bases referred in paragraph (6) of this article shall be increased by 10% per year, starting from 2015.

(9) The results of taking the first and second part of the exam are available to the candidate on the computer to which the exam took place immediately after its completion.

Article 23-h

(1) On the day of taking the first, i.e. the second part of the exam, a representative of the Ministry of Economy shall provide the candidate with

an access code, that is, a password for granting access to the electronic system referred in article 23-e of this Law.

(2) Upon approval of the access, the candidate shall receive an electronic test for the first part of the exam, i.e. an electronic practical example for the second part of the exam, computer generated, whose content is randomly determined by the software of the electronic system referred in article 23, paragraph (5) of this Law, from the bases referred in article 23-g paragraph (6) of this Law.

(3) The first and second part of the exam shall contain instructions on the manner of resolving the same, for which a representative of the Ministry of Economy makes a clarification before the taking of the exam begins.

(4) The electronic system for taking the exam cannot permit the existence of identical content of the electronic test for the first part of the exam, or for the electronic practical example for the second part of the exam, in one term, for more than one candidate.

Article 23-i

(1) In case of failure to conduct the first or second part of the exam, due to reasons that lead to technical inability for operating with the electronic system referred in article 23-e of this Law, the taking of the exam shall be terminated.

(2) If the reasons referred in paragraph (1) of this article are removed within 60 minutes of the interruption of the exam, the same shall continue immediately after their removal of such reasons.

(3) If the reasons referred to in paragraph (1) of this article are not removed within the time limit referred to in paragraph (2) of this article, the exam shall be rescheduled for another term.

Article 23-j

(1) The total duration of the time determined for answering the questions from the first part of the test for taking the exam shall be 120 minutes.

(2) It shall be considered that the exam was passed by the candidate who, with correct answers to the questions from the test, achieved at least 70% of the total number of predicted positive points.

Article 23-k

- (1) The total duration of the time determined for answering the questions from each of the practical examples of the second part is 180 minutes.
- (2) It is considered that the exam was passed by the candidate who, with correct answers to the questions from the practical example, achieved at least 70% of the total number of predicted positive points.

Article 23-l

- (1) The candidates who have passed the exam shall be granted with a license within 15 days from the day of the completion of the exam.
- (2) The form and content of the license referred to in paragraph (1) of this article shall be prescribed by the Minister of Economy.
- (3) Upon a request of the candidate, the Ministry of Economy informs him of the mistakes made in the test for taking the professional exam by providing immediate insight into the test.

Article 23-m

- (1) Tests and practical examples are being used and are given to the candidate only during the taking of the professional exam.
- (2) The materials of the exams held, in particular the paper versions of the tests and the practical examples for taking the professional exam and the specimens for checking the accuracy of the test responses and the practical example, as well as the recordings of the exams held, shall be kept at the Ministry of Economy.
- (3) The Minister of Economy shall establish a Committee for review of the conducted exams, which uses the materials referred in paragraph (2) of this article in its work, and in addition to a representative from the Ministry of Economy and a representative from the Chamber of Bankruptcy trustees, members of the Committee for taking the exam shall also be one computer scientist from the Ministry of Information Society and Administration appointed by the Government of the Republic of Macedonia.
- (4) The Committee referred in paragraph (3) of this Article meets after each conducted exam session and performs the audit of the exam, including whether the exam was taken by candidates who meet the requirements for taking the exam in accordance with article 23 of this Law, for which a written report to the Minister of Economy is delivered.

(5) The Committee shall have the right to conduct an audit of the manner of conducting the examinations held in the last five years until the day of the meeting of the Committee, but not earlier than the day of the application of this Law.

(6) If the Committee determines irregularities in the conduct of the examination by individuals within the meaning of article 23-f paragraph (5) of this Law, it shall propose revoking the license referred in article 23-f of this Law.

(7) The Minister shall issue a decision for revoking of the license on the basis of a proposal from the Committee within three days from the receipt of the proposal.

(8) An administrative dispute may be initiated against the decision referred in paragraph (7) of this article before the competent court, within 30 days from the receipt of the decision.

(9) The members of the Committee referred in paragraph (3) of this article are entitled to a compensation, which annually amounts to one average net salary in the Republic of Macedonia, for which the Ministry of Economy issues a decision.

(10) Fine in amount of EUR 2,000 to 3,000 in Denar counter-value shall be imposed to the members of the Committee referred in paragraph (3) of this article, if they find irregularities in conducting the exam, and this is not stated in the report to the Minister of Economy.

Article 23-n

(1) The costs for taking the exam shall be borne by the candidate who takes the professional exam for an certified bankruptcy trustee.

(2) The amount of the fee referred in paragraph (1) of this article shall be determined by the Minister of Economy on the basis of the real costs incurred for taking the exam, necessary for the implementation of the first and second part of the exam, the preparation of the database of questions, the implementation of the electronic test, preparation of materials and invitations and preparation of licenses.

(3) The costs for taking the exam shall be paid to a separate account of the own revenues of the Ministry of Economy.

(4) If the expenses are not paid to the appropriate account of the Ministry of Economy, no later than 15 days prior to the day determined for conducting

the exam of the candidate, the candidate shall not be allowed to take the exam.

(5) If the candidate does not take the exam within one year from the date of payment of the funds, the paid funds shall be returned in accordance with the law.

Article 23-o

(1) Fine in the amount of EUR 4,000 to 5,000 in Denar counter-value shall be imposed on the authorized legal entity that technically conducts the exam referred in article 23-a of this Law if it does not record it, does not broadcast it live on the web site of the Ministry of Economy and does not set the recording of the whole exam on the web site of the Ministry of Economy in accordance with article 23-a paragraph (3) of this Law.

(2) A fine in the amount of EUR 500 to 1,000 Euro in Denar counter-value shall be imposed on the authorized representative referred in article 23-b paragraph (5) of this Law if he acts contrary to article 23-b paragraph (9) of this Law.

(3) A fine in the amount of EUR 4.000 to 5.000 in Denar counter-value shall be imposed to the authorized institution that carries out the exam referred in article 23 of this Law, if it does not terminate the exam in accordance with article 23, paragraphs (5) and (6) of This law.

(4) A fine in the amount of EUR 1,000 to 1,500 in Denar counter-value shall be imposed to the Minister of Economy if it fails to adopt the decision within the deadline determined in article 23-b paragraph (2) of this Law.

Issuing a license to an individual

Article 24

(1) License for certified bankruptcy trustee shall be issued to a person who fulfils the following conditions:

- 1) He is Macedonian citizen;
 - 2) Passed the exam and obtain license for certified bankruptcy trustee;
 - 3) Submitted written statement to the Ministry of Economy that in operating as bankruptcy trustee, he shall apply the rules in accordance with the Code of Ethics and the professional standards;
- (2) The license shall be issued by the Minister for Economy within eight days as of the date of submission of the request for issuing license.

- (3) The license for operating as bankruptcy trustee shall be valid for three years;
- (4) The form and the content of the license referred to in paragraph (1) of this article shall be prescribed by the Minister for Economy.
- (5) Upon issuance of the license for operating as bankruptcy trustee, in a period of eight days, the bankruptcy trustee is obliged to submit proof:
- 1) That he concluded agreement for liability insurance;
 - 2) Carried out procedure for registering sole proprietor and registered himself as employee with the entity;
 - 3) That he has joined the Chamber of Bankruptcy trustees;
- (6) Upon the submission of the proofs of paragraph (5) of this article, the bankruptcy trustee is registered in the Registry of bankruptcy trustees kept in the Ministry of Economy.

Issuing a license to a bankruptcy trustee- legal entity

Article 25

- (1) The Minister for Economy shall issue a license to a bankruptcy trustee-legal entity which fulfils the following conditions:
- 1) It has employed at least one individual who obtained license for operating as bankruptcy trustee;
 - 2) It has employed at least one lawyer and economist;
 - 3) The administrator of the company submitted written statement that the individuals who obtained license for operating as bankruptcy trustee and other employees shall apply the rules contained in the Code of Ethics of the bankruptcy trustees and the professional standard of the Ministry of Economy in performing their activities;
- (2) The license shall be valid for three years.
- (3) The license referred in paragraph (1) of this article shall be issued by the Minister for Economy within eight days as of the date of submission of the request for issuing license. Upon issuance of the license of the bankruptcy trustee- legal entity, in a period of eight days, the legal entity is obliged to notify the minister on the performed registration and to submit documentation related to the registration, as well as to provide agreement for liability insurance. Upon the submission of the notification, the Minister records the legal entity in the Register of bankruptcy trustees.

Liability for incurred damage

Article 26

The bankruptcy trustee, the sole proprietor and the bankruptcy trustee- legal entity (hereinafter referred as “bankruptcy trustee;) that incurred damages to the bankruptcy debtor, the creditors or any interested party in the performance of the work of a bankruptcy trustee, shall be liable to compensate for the damage.

Professional liability of the bankruptcy trustee

Article 27

(1) The bankruptcy trustee shall be liable with the entire assets for the damage caused to every participant in the bankruptcy procedure, if he fails to act as bona fide merchant, does not act in accordance with the Code of Ethics of the Bankruptcy trustees and the professional standards and this Law and does not perform the activities in accordance with this law.

(2) The bankruptcy trustee shall not be held liable for any damage caused by an action or instruction approved (given) by the bankruptcy judge, unless such approval or instruction was obtained by fraud.

(3) The bankruptcy trustee is obliged to reimburse the creditor of the bankruptcy estate, for the damage which the creditor has suffered as a result of the bankruptcy trustee’s failure to fulfill his obligations of the bankruptcy estate, taken with his legitimate legal action. The bankruptcy trustee shall not be liable, if he did not know or could not have known of the possible or probable insufficiency of the Bankruptcy estate for fulfillment of the obligation.

(4) The request for damage compensation caused by a violation of bankruptcy trustee’s duties shall expire three years after the damaged party has become aware of the damage caused and from the circumstances based on which the bankruptcy trustee’s obligations for damage compensation are based.

(5) The request for compensation shall expire at latest three years of the validity of the court decision for decision on concluding the bankruptcy procedure.

(6) The request for damage compensation caused by violation of duties in relation to the additional distribution or with control over the fulfillment of

the plan shall expire after three years of the execution of the additional distribution or from the completion of the supervision.

Professional liability insurance

Article 28

(1) Upon receiving the license for operating as bankruptcy trustee, the bankruptcy trustee- sole proprietor and the bankruptcy trustee- legal entity shall be obliged to conclude agreement for professional liability insurance against all risks arising from the performance of the work of bankruptcy trustee. The bankruptcy trustees submits the agreement for mandatory professional liability insurance no later than eight days of the day of receiving the license for operating as bankruptcy trustee, i.e. in a period of eight days before the expiry of the period for which the agreement is concluded.

(2) In cases where the bankruptcy trustee shall not submit the agreement for mandatory insurance within the deadline stipulated in paragraph (1) of this article, it shall be considered that the conditions for operating as bankruptcy trustee are not fulfilled and the Minister of Economy shall ex-officio revoke the license. Copy of the decision for revoking the license is submitted to the Central Registry of Republic of Macedonia, in a period of three days.

(3) The lowest amount of insurance of the bankruptcy trustee, sole proprietor is EUR 50,000 and of the bankruptcy trustee- legal entity EUR 100,000 in Denar counter-value calculated according to the middle exchange rate of the National Bank of the Republic of Macedonia. With the insurance of the company, the employed bankruptcy trustees are considered as insured.

(4) If the bankruptcy judge finds that in the actual bankruptcy procedure, considering the amount of the bankruptcy estate and the existence of special circumstances, as well as due to the existing or possible future risks, may oblige the bankruptcy trustee to be additionally insured. The bankruptcy judge shall determine with a decision the amount of the additional insurance which cannot be higher than 500,000 Euro in Denar counter-value according to the middle exchange rate of the National Bank of the Republic of Macedonia. The right to appeal against this decision is not allowed.

(5) The costs for insurance referred in paragraph (3) and (4) of this particle are borne by the bankruptcy trustee.

Renewal of the license for bankruptcy trustee

Article 29

(1) The license for operating as bankruptcy trustee shall be renewed every three years, based on request submitted by the bankruptcy trustee to the Ministry of Economy, no later than 30 days prior the expiry of the license.

(2) In cases where the bankruptcy trustee shall not submit request for extension of the license for operating as bankruptcy trustee within the stipulated deadline, it shall be considered that the latter gave up from the license for operating as bankruptcy trustee and the minister of Economy shall adopts a decision for termination of the validity of the license for operating as bankruptcy trustee and shall be deleted from the Registry of bankruptcy trustees.

(3) The Minister of Economy shall adopt a decision for renewing the license in a period of eight days, provided that the bankruptcy trustee submitted the following documentation together with the request for renewing the license for operating as bankruptcy trustee:

- 1) fulfils the conditions stipulated in article 24 and article 25 of this Law;
- 2) The last three years has been appointed as bankruptcy trustee;
- 3) Within the last three years, he performed the activities of the bankruptcy trustee conscientiously and properly, in accordance with this Law, the Code of Ethics and the professional standards and
- 4) Every year he participated at least 24 hours of continuous education in the field of bankruptcy procedure, organized by the Chamber of Bankruptcy trustees;

(4) In cases where the bankruptcy trustee does not fulfill the conditions of paragraph (3) of this article, the minister of economy shall adopts a decision for refusing the request for renewal of the license and shall delete from the Register of bankruptcy trustee.

(5) The decision referred in paragraph (4) of this article is final in administrative procedure and against the decision; an administrative dispute can be initiated.

(6) The Minister of Economy immediately notifies the competent courts for changes in the status of the bankruptcy trustees which obtained license for operating as bankruptcy trustee, as well as on any eventual changes in the Register of bankruptcy trustees.

Revoking the license

Article 30

(1) The Minister of Economy shall, by decision, revoke the license for operating as bankruptcy trustee of the bankruptcy trustee in cases whereas he determined that the administrator stopped fulfilling the conditions for bankruptcy trustee in accordance with this Law.

(2) The bankruptcy trustee whose license for operating as bankruptcy trustee has been revoked or hasn't been extended, cannot take the exam again and cannot obtain license in the following five years, beginning from the day when the decision for revoking or not extending the license for operating as bankruptcy trustee has been adopted by the Minister of Economy.

(3) Copy of the decision referred in paragraph (1) of this article shall be immediately delivered to the Central register and the Chamber of bankruptcy trustees.

Bankruptcy trustee register

Article 30-a

(1) The Bankruptcy Trustee who has obtained a license to operate as Bankruptcy Trustee may choose at least one court that is actually competent for conducting the bankruptcy procedure in which he will perform the duties of a Bankruptcy Trustee.

(2) The bankruptcy trustee shall submit the statement on the selection of the courts in which he will operate as bankruptcy trustee to the Ministry of Economy within a period of eight days from the day he / she obtained the license for performing the work of a Bankruptcy Trustee, i.e. he was registered in The Register for Bankruptcy Trustees is for a period of one year. The Bankruptcy Trustees are obliged to submit a statement to the Ministry of Economy no later than December 15, in which they will state in which courts, which are really competent for the bankruptcy procedure, will perform the activities in the next year, for the purpose of registering in the Register of Bankruptcy Trustees for the period one year. If they fail to submit a statement within this deadline they will be deemed to have given up the performance of the affairs of the Bankruptcy Trustee and the Minister of Economy shall issue a decision for revoking the license.

(3) The Register for Bankruptcy Trustees as well as the lists of bankruptcy trustees in the courts shall be kept by the Ministry of Economy in electronic

form and published on the web site of the Ministry of Economy and shall be submitted to all courts that are in charge of conducting the bankruptcy proceedings that publish it on its website. The Minister of Economy shall immediately inform the competent courts about the conduct of the bankruptcy procedure for each change in the register.

(4) Within the Register of Bankruptcy Trustees, the Ministry of Economy shall also maintain a separate Register for Bankruptcy Trustees with specialist knowledge in the area of the reorganization plan.

(5) The form and the contents of the register and the lists of bankruptcy trustees in courts that have acquired licenses, i.e. they were seized, as well as the manner of their conduct shall be prescribed by the Minister of Economy.

Appointment of a bankruptcy trustee

Article 31

(1) The bankruptcy judge shall appoint a bankruptcy trustee with the decision for opening of a bankruptcy procedure.

(2) The selection of bankruptcy trustee shall be performed according to the method for electronic election from the list of bankruptcy trustees. The bankruptcy judge is obliged to apply this method in cases when he appoints new bankruptcy trustee when the previous bankruptcy trustee has been dismissed.

(3) By exception of paragraph (2) of this article, in cases where proposer for opening the bankruptcy procedure is a creditor or a decision for changing the bankruptcy trustee and appointing new bankruptcy trustee has been adopted on the first reporting hearing, the bankruptcy judge shall appoint the proposed bankruptcy trustee from the list of bankruptcy trustees of the area of the competent court. Before appointing the bankruptcy trustee, the bankruptcy judge shall assess if there are any obstacles determined in article 22 of this Law for his appointment.

(4) In cases when there are obstacles for his appointment, the bankruptcy judge is obliged to request the creditors to suggest new bankruptcy trustee from the list of bankruptcy trustees of the area of the competent court. If the creditors who proposed the bankruptcy trustee did not propose another one in a period of eight days of the day of receiving the request from the

bankruptcy judge, the bankruptcy judge shall appoint administrator according to the method for electronic election.

(5) In cases where an interim bankruptcy trustee is appointed in the procedure for reorganization upon previously prepared plan for reorganization, the election shall be made according to the method for electronic election from the bankruptcy trustees who applied in the court and have specialist knowledge in the field of plan for reorganization.

(6) The Minister of Justice prescribes closely the manner of election of the bankruptcy trustee according to the method for electronic election.

Appointment of another bankruptcy trustee

Article 32

(1) On the first reporting assembly, the creditors may adopt a decision for appointing another bankruptcy trustee from the list of bankruptcy trustees of the area of the competent court instead of the bankruptcy trustee appointed by the bankruptcy judge in accordance with article 31 of this Law,

(2) In a period of three days of the day of closing the first reporting assembly, the bankruptcy judge is obliged to act upon the decision adopted by the creditors and to adopt a decision for dismissing the bankruptcy trustee and appoint the new bankruptcy trustee. Appeal is not allowed against the relevant decision. The decision is submitted to the Central register of Republic of Macedonia in a period not longer than three days.

(3) The bankruptcy judge may adopt a decision for refusing the appointment of the bankruptcy trustee appointed by the decision adopted by the creditors on the first reporting assembly only in cases where:

1) There are limitations for his appointment in accordance with article 22 of this Law;

2) Is obvious that, considering the number of bankruptcy procedures in which he is appointed and the scope of work in the procedures, the work of the bankruptcy, his competencies and professionalism shall not be successfully performed within the deadlines stipulated under this Law. The decision is published on the bulletin board of the court. Against this decision, right to appeal has any creditor who voted for the appointment of the bankruptcy trustee.

(4) With the decision adopted by the bankruptcy judge for dismissing the bankruptcy trustee, all of the latter's authorizations and duties in the bankruptcy procedure shall cease.

(5) The dismissed bankruptcy trustee is obliged in a period not longer than eight days of the day of receiving the decision to:

1) Compile a report for the period from the last monthly report to the day of his dismissal;

2) Provide to the new bankruptcy trustee whole written documentation taken by the bankruptcy debtor, as well as the documentation on the activities performed in the bankruptcy procedure.

(6) When the bankruptcy trustee has been dismissed due to his death, the actions referred in paragraph (5) of this article shall be performed by the individual appointed by the bankruptcy judge. If the bankruptcy judge did not appoint such individual, the bankruptcy judge shall hand over the documentation.

Authorization of the Bankruptcy trustee

Article 33

(1) The bankruptcy trustee shall represent the debtor only for the matters related to the bankruptcy procedure and the bankruptcy estate.

(2) If the debtor– a legal entity continues to operate during the bankruptcy procedure, the bankruptcy trustee will run the operations.

(3) The bankruptcy trustee shall have authority only over those matters of the debtor- individual, which are related to the bankruptcy estate, and shall represent him as a bankruptcy debtor with the authorization of a legal representative.

(4) In performing his functions, the bankruptcy trustee has status of an official person and right to protection which according to law is given to the official persons. The bankruptcy trustee has official identification, whose form and content are prescribed by an act of the Minister of Economy.

(5) The bankruptcy trustee shall prove his identity by presenting an official ID card (legitimation document) issued by the Chamber in accordance to its Statute.

Duties of the Bankruptcy trustee

Article 34

(1) The bankruptcy trustee shall be particularly obliged to:

- 1) Update the bookkeeping records of the debtor up to the day of opening of the bankruptcy procedure;
- 2) Compile the proposal for estimation of the expenses of the bankruptcy procedure and to submit it for approval to the Bankruptcy judge;
- 3) Initiate inventory of the estate within 10 days from the date of his appointment and to finalize it within 30 days following the date of his appointment;
- 4) Compose the initial bankruptcy balance, as well as the tax balance indicating the status on the date of opening and the date of conclusion of the bankruptcy procedure related to the bankruptcy estate and the expenses of the bankruptcy procedure;
- 5) Notify the Clearing House of the inter-banking activities and the Stock Exchange for opening of a bankruptcy procedure;
- 6) Notify the Central Securities Depository if the debtor is a Joint Stock Company as well as for the shares that the debtor owns;
- 7) Complete the work in progress that has not been finished by the debtor as a bona fide merchant to take steps that are necessary for protection of the debtor's assets and prevention of damage, in order to prevent damages to the debtor's assets;
- 8) Take measures for collection of the debtor's claims and to cash in the property and rights that constitute the bankruptcy estate with due care of a diligent merchant;
- 9) Handle conscientiously the further operation of the debtor, provided its operation continues;
- 10) Use the recourses and his authorizations with equal care for protection of the property interests of all creditors of the bankruptcy estate;
- 11) Express complete care, conscious and responsibility for the interests of the creditors of the bankruptcy estate, as well as to all other parties interested in the bankruptcy estate;
- 12) Use his position merely in favor of the bankruptcy estate and to prevent acquiring of any benefit for himself or for other person;
- 13) Propose the plan for distribution of the assets from the bankruptcy estate to the creditors and upon approval of the bankruptcy judge to enforce the plan;

- 14) Submit to the Board of Creditors a final accounting statement and final report;
 - 15) Make further payments to the creditors;
 - 16) Notify the competent register for the opened bankruptcy procedure in cases stipulated with this law;
 - 17) Update the activities related to the selection and registration of the archive material and its transfer to the competent archive body and to provide means for the calculation of the expenses in the bankruptcy procedure, for arranging the archive materials, if they are not arranged in accordance with the regulations of archive materials upon which is obliged to require an opinion from the State Archive of the Republic of Macedonia regarding the fulfillment of the duties pertaining to this item;
 - 18) File a proposal to the competent administrative or foreign judicial bodies as an officially authorized representative of the bankruptcy estate of the bankruptcy debtor, for confiscation, protection, or returning the property of the bankruptcy debtor that is located abroad;
 - 19) Provide the documentation needed for an appropriate registration in the public records as a basis of acquisition of the property rights;
 - 20) Upon the approval of the bankruptcy judge to insure the assets in whole or partially at the expense of the bankruptcy estate, if it is needed for purpose of protection of the debtor's assets.
 - 21) Employ persons with consent of the bankruptcy judge and to supervise their performance.
 - 22) Perform other activities in accordance with the law.
- (2) The bankruptcy trustee is obliged to submit written reports on the conduct of the bankruptcy procedure and of the standing of the bankruptcy Estate on a monthly basis which contains:
- 1) The list of the assets which have been sold,, transferred or in some other manner alienated;
 - 2) The list of the cash inflow and outflow during the previous month;
 - 3) The starting and final financial status of the bankruptcy debtor;
 - 4) The list of all activities performed in the previous month;
 - 5) The list of engaged persons with the list of the experts and amounts paid to them; and
 - 6) Information regarding other issues, entrusted to him by the bankruptcy judge or the board of creditors.
- (3) For the purposes of obtaining information on the status of the bankruptcy debtor's assets in the preliminary procedure or in case of change of the

ownership upon the final sale of the assets of the bankruptcy debtor in opened bankruptcy procedure, the bankruptcy trustee is obliged to connect electronically with the Cadastre Agency. The acts for the legal basis for change of ownership, enclosed with the applications for registration and proof for paid fee, are delivered to the Cadastre Agency in a period of three days of the day of validity of the act for change of ownership.

(4) The monthly report shall be prepared in a form in accordance with the professional standards.

(5) The monthly report shall be submitted to the bankruptcy judge, as well as to the Board of Creditors or Assembly of Creditors.

(6) The bankruptcy trustee records all changes and decisions adopted by the bodies of the bankruptcy procedure in the e- bankruptcy register kept with the Central Register.

(7) The Minister of Economy shall prescribe the form, content and the manner for keeping the e- bankruptcy register.

Article 34-a

The bankruptcy trustee is obliged within a period of eight days of the day of receiving the request to provide answer to the written request of the bankruptcy creditor, requesting information related to the bankruptcy procedure. If the requested information is available in the e- bankruptcy register or is deposited with the bankruptcy file in accordance with article 85 of the Bankruptcy Law, the bankruptcy trustees shall notify the creditor within the determined deadline.

Control over the operation of the bankruptcy trustee

Article 35

(1) The work of the bankruptcy trustee is controlled by the bankruptcy judge, the Board of Creditors or the Assembly of Creditors within their competencies stipulated by this Law.

(2) The bankruptcy judge may, at any time, request from the bankruptcy trustee to provide additional information or a separate report on the progress of the bankruptcy procedure, and of the statute and the management of the bankruptcy estate.

(3) If the bankruptcy trustee does not perform his duties determined in this Law, the bankruptcy judge may impose a fine. The amount of a single fine

may not be less than 10,000 Denars or more than 300,000 Denars. The bankruptcy trustee has a right to a separate appeal against the decision for imposing penalty. The bankruptcy judge shall deliver the decision imposing the fine to the bankruptcy trustee.

(4) In the decision for dismissing the bankruptcy trustee, the bankruptcy judge may order him to return what he has received during the bankruptcy procedure and at the same time to impose a monetary fine referred in paragraph (3) of this article, if the bankruptcy trustee does not act upon the court order, the bankruptcy judge may impose a fine pursuant to paragraph (3) of this Article. If the bankruptcy trustee does not act upon the court order, the bankruptcy judge shall ex officio conduct the enforcement of the decision for the imposed monetary fine and shall deliver the decision to the carrier of the payment operations for the purpose of payment from account of the bankruptcy trustee.

Dismissal of the Bankruptcy trustee

Article 36

(1) The bankruptcy judge may dismiss the bankruptcy trustee before holding the first reporting assembly of creditors, as well as in the course of the bankruptcy procedure, if he:

- 1) Does not fulfill his obligations determined under the law;
- 2) Fails to meet the deadlines determined under the law;
- 3) Acting biased towards certain creditors;
- 4) In the procedure for determining the creditor's claims, he recognized a non-existent creditor's claims;
- 5) Fails to achieve a significant progress in cashing in the assets that create the bankruptcy estate after 90 days of the date when decision for cashing in the assets was adopted, as well as if he fails to achieve significant progress in performing the activities in the bankruptcy procedure upon the expiry of six months, unless he proves than such delay in the procedure was not under his control;
- 6) Has not submitted a proposal for closing the bankruptcy procedure in a period of eighteen months from the day of opening of the bankruptcy procedure or from the day of his appointment, unless the reason for such non-submission was not under his control;
- 7) Has not submitted a monthly report on cashing the assets as well as on the course of the bankruptcy procedure;

- 8) Does not record or records irregularly data with the e- bankruptcy system;
 - 9) Has not insured the bankruptcy debtor's estate in a period of 30 days of the day of opening of the bankruptcy procedure;
 - 10) Did not request consent or did not act upon such consent, in all cases where, under this law, such consent is determined as mandatory;
 - 11) Acts contrary to the interests of the creditors and bankruptcy debtor.
 - 12) If by way of a final decision he was charged for a criminal act that makes him ineligible for a bankruptcy trustee whilst the effects of the decision are in force.
 - 13) Is not able to perform the duties of the bankruptcy trustee due to sickness, working incapability or death;
 - 14) Did not submit a proposal for adopting a decision for undertaking the movables and immovable which are part of the bankruptcy estate or third party who possess the assets without legal basis;
 - 15) In other cases stipulated with this Law
- (2) The bankruptcy judge shall decide ex- officio or upon proposal of the bankruptcy trustee, the board or the assembly of creditors and every creditor for dismissing the bankruptcy trustee. If the proposal for dismissing the bankruptcy trustee is submitted by the creditor or the board and assembly of creditors, such proposal must be elaborated.
- (3) In a period of three days of the day of receiving the proposal for dismissing the creditor, the bankruptcy judge shall submit the proposal to the bankruptcy trustee. The bankruptcy trustee has the right to make a written statement to the bankruptcy judge upon the proposal for dismissal within eight days after the receipt of the proposal. In the event that the bankruptcy trustee is dismissed ex officio, the bankruptcy judge shall hear the bankruptcy trustee before adopting the decision. The delivery of the proposal for dismissing can also be made by announcing a notification on the bulletin board of the court.
- (4) The bankruptcy judge shall adopt a decision for dismissing the bankruptcy trustee in a period of eight days of the expiry of the deadlines referred in paragraph (3) of this article. If the bankruptcy trustee has been dismissed due to unconscientiously performance of his duties, he is not entitled to reward for the activities performed. The provisions referred to in article 32 paragraphs (4) and (5) of this Law shall apply to the transfer of the duty from the certified bankruptcy trustee to the newly appointed one.

(5) An appeal is not allowed against the decision of the bankruptcy judge for dismissing the bankruptcy trustee from operating as the bankruptcy trustee. The bankruptcy judge submits the decision of the bankruptcy judge for dismissing the bankruptcy trustee to the proposer and to the Central Register of Republic of Macedonia.

(6) The applicant of the proposal for dismissing the bankruptcy trustee has right to appeal against the decision of the bankruptcy judge for refusing the proposal for dismissing the bankruptcy trustee.

(7) Where the bankruptcy trustee submitted request for dismissing, upon which request the bankruptcy judge adopted a decision for refusing the request, the bankruptcy trustee has right to appeal in a period of eight days of the day of receiving the decision.

Reward and reimbursement of expenses of the bankruptcy trustee

Article 37

(1) The bankruptcy trustee is entitled to a reward for his work and compensation of the necessary costs which are paid immediately after the end of each phase in the bankruptcy procedure.

(2) The reward and reimbursement of the necessary costs of the bankruptcy trustee and the manner of determining their amount shall be determined with act adopted by the Minister of Economy.

(3) The necessary costs are paid at least once a month according to the calculation of the costs of the bankruptcy procedure approved by the bankruptcy judge in accordance with article 34 paragraph (1) item 2 of this Law.

(4) The amount of the reward of the bankruptcy trustee shall be determined according to the value of the settlement of the creditor's claims, the percentage of settlement of the bankruptcy creditors, the complexity of the bankruptcy procedure, the value of the bankruptcy estate, duration of the bankruptcy procedures, manner of conducting the bankruptcy procedures, i.e. whether the assets are cashed in or a plan for reorganization is being implemented and whether the plan for reorganization has been successfully implemented.

(5) The amount of the reward shall be determined by a decision of the bankruptcy judge with decision in accordance with the norms and standards determined with the regulation referred in paragraph (2) and (4) of this

article, before closure of the bankruptcy procedure. The bankruptcy trustee submits to the bankruptcy judge proposal for payment of the reward, enclosed with calculation of all payments and approval by the board of creditors.

(6) If the board of creditors did not adopt a decision for approving the proposal for payment of the reward of the bankruptcy trustee or did not give consent for the proposal, the bankruptcy judge shall adopt the decision for determining the amount of the reward of the bankruptcy trustee. The relevant decision shall be adopted in a period of three days of the day of receiving the decision of the board of creditors for refusing the proposal or from the day of receiving the notification that the board of creditors did not adopt a decision upon the relevant proposal. The decision for determining the reward of the bankruptcy trustee is delivered through the bulletin board of the court.

(7) The creditors, the board of creditors and the bankruptcy trustee have right to appeal against the decision adopted by the bankruptcy judge for determining the reward of the bankruptcy trustees, in a period of eight days of the day of announcing the decision on the bulletin board of the court.

BOARD OF CREDITORS

Establishment of a Board of Creditors by the Bankruptcy Judge

Article 38

(1) The board of creditors is body of the bankruptcy procedure, established for the purpose of protection of the creditors' interests in the bankruptcy procedure and for performing the procedural activities which under the Law is authorized to perform on behalf of all creditors which are party in the procedure.

(2) As member of the board of creditor can be appointed any creditor who, in accordance with article 87 of this Law, reported his claim and which claim the bankruptcy trustee determined as founded.

(3) As member of the board of creditor cannot be appointed creditor who:

1) Is at the same time debtor of the bankruptcy debtor and his obligations towards the bankruptcy debtor exceed 1% of the estimated value of the property that is included in the bankruptcy estate;

2) The last two years prior the opening of the bankruptcy procedure was appointed as member of the management or supervisory bodies or procurator of the bankruptcy debtor;

- 3) Is a trade company related to the bankruptcy debtor, i.e. the debtor from item 1 of this paragraph is a related company in accordance with Article 491 of the Law on Trade Companies;
- 4) Has been appointed a member of the management or supervisory body of the debtor referred to in items 1 and 3 of this paragraph;
- 5) In accordance with this Law, is considered as close to the person referred in items 1, 2 and 3 of this paragraph,;
- 6) Is creditor with rights to separate settlement in the bankruptcy procedure and
- 7) Is a bankruptcy trustee, enforcement agent, notary, certified valuer or an accountant, and a creditor.

Establishment of the Board of Creditors

Article 39

(1) The proposal for appointing members of the board of creditors is submitted by the bankruptcy trustee in written in a period of three days upon the expiry of the deadline for reporting the creditor's claims. The proposal must be elaborated and the bankruptcy trustee should state the reasons for proposing creditors for members of the board of creditors. When preparing the proposal for appointment of the Board of Creditors, the bankruptcy trustee should take into consideration the limitations stipulated in article 38 paragraph (3) of this Law.

(2) Based on the proposal of the bankruptcy trustee, in a period of three days of submission of the proposal, the bankruptcy judge shall adopts a decision for establishing the board of creditors, by determining the number of members and appointing the members of the board of creditors. The decision is delivered to the appointed members of the board of creditors and to the Central register of Republic of Macedonia. Appeal is not allowed against the relevant decision.

(3) Based on proposal of the board of creditors, the bankruptcy judge may appoint as member of the board of creditors individual who, considering his professional knowledge may contribute in the work of the board of creditors, without voting rights in adopting decisions.

(4) The number of members of the board of creditors, appointed by the bankruptcy judge, must be odd and may not be less than three or more than five. The number of members of the board of creditors shall not include the persons referred to in paragraph (3) of this Article. The creditors of the first

reporting assembly may elect new board members, with the number of members not exceeding seven members.

(5) The Board of Creditors shall adopt the decisions by a majority of the votes of the total number of members entitled to vote. Each member of the Board of Creditors has the right to vote and vote "for" or "against" the proposed decision, which in accordance with this Law, should be adopted by the board of creditors. The members of the Board of Creditors cannot abstain from voting.

(6) If the Board of Creditors did not make a decision because one of the members of the board of creditors requested the voting be postponed at the session itself, in that case, based on proposal of the bankruptcy trustee, the bankruptcy judge will order the responsible person of the legal entity - the creditor member of the board of creditors, to compensate for the costs that arise due to the postponement of the voting.

(7) Notwithstanding paragraph (6) of this Article, when a member of the Board of Creditors is the State Attorney or a representative of a state body, the same can pronounce upon the decision within a period of five days, whereas a new session of the Board of Creditors is not held. If this member of the board does not pronounce within the deadline of five days, in that case, the responsible person of the respective state body shall be held responsible for the damage that was caused with the non-adoption of the decision.

Rights and responsibilities of the Board of Creditors

Article 40

(1) The board of creditors shall be obliged to conduct the activities, for which it is authorized under this Law, and particularly to follow the course of operations and control the amount of cash. For conducting separate operations within its scope, the Board of Creditors may authorize some of its members.

(2) Within its scope of operations the board of creditors shall particularly:

- 1) Survey the reports of the bankruptcy trustee on the bankruptcy procedure and on the statute of the bankruptcy estate;
- 2) Examine the trade books and the complete documentation taken over by the bankruptcy trustee;
- 3) May file to the bankruptcy judge objection against the work of the bankruptcy trustee;

- 4) Submit proposal to the bankruptcy judge on the manner cashing in the debtor's assets;
 - 5) Proposes to the bankruptcy judge whether the work in progress or the activity of the bankruptcy debtor should proceed;
 - 6) Give its opinion to the bankruptcy judge for approval of the justified inventory shortages.
- (3) The Board of Creditors is obliged, upon the request of the Assembly of Creditors, to inform the creditors of the course of the bankruptcy procedure and of the statue of the bankruptcy estate.

Dismissal of the members of the Board of Creditors

Article 41

- (1) The appointed member of the Board of Creditors may be dismissed in the course of the bankruptcy procedure, if he did not fulfill his obligations determined under this Law, he is not present of the sessions and does not justifies his absence, without explanation refuses to vote for adoption of decisions which are of interest of the creditors and with such non adoption the conducting of the bankruptcy procedure is aggravated or delayed, as well as in cases when the basis for his appointment or election by the board of the creditors ceased and in other cases determined under the law.
- (2) The proposal for dismissing the appointed or elected member of the Board of Creditors can be submitted by any creditor, the Assembly of Creditors and the Board of Creditors. The decision for dismissing the appointed or elected member of the board of creditors is adopted by the bankruptcy judge within a period of three days of the day of submission of the proposal. The bankruptcy judge may ex officio adopts a decision for dismissing the member of the Board of Creditors when there are reasons for his dismissing, as stated in paragraph (1) of this article.
- (3) Before adopting decision for dismissing the appointed or elected member of the Board of Creditors, the bankruptcy judge shall hear the member of the Board of Creditors. Against the decision of the bankruptcy judge, the dismissed member of the Board of Creditors or the submitter of the proposal has right to file an appeal. Copy of the decision shall be delivered to the Central Register of Republic of Macedonia within a period no longer than three days.

(4) Upon the effectiveness of the decision for dismissing the member of the Board of Creditors, within three days, the bankruptcy judge shall appoint member of the Board of Creditors on the place of the dismissed member, upon proposal of the bankruptcy trustee

Liability of the members of the Board of Creditors

Article 42

(1) If the members of the Board of Creditors fail to act as a bona fide merchant, they shall be obliged to compensate the secured creditors and the bankruptcy creditors for any damage caused. The provisions regarding the statute of limitation of the request for damage compensation referred in article 27 paragraphs (5) and (6) of this Law regarding the bankruptcy trustee shall apply accordingly to the statute of limitation of the request for damage compensation caused by the members of the Board of Creditors.

Sessions of the Board of Creditors and decision-making

Article 43

(1) The Bankruptcy Judge shall *ex officio* convene the first session of the Board of Creditors within three days of the day of delivering the decision for establishment of the board to its members. Upon proposal of the members of the board of creditors, the members of the Board shall elect a president on that session. The bankruptcy trustee is not authorized to propose president of the Board of Creditors.

(2) The future sessions of the Board of Creditors are convened by the president of the Board of Creditors. The president of the Board of Creditors is obliged to convene the meeting of the Board of Creditors upon request made by any of the members of the Board of Creditors within a period not longer than three days. The meetings of the board of creditors are managed by the president of the board of creditors, who runs the work on the sessions, for which minutes are prepared, for all decisions adopted, with a note on the majority with which the decision was adopted and who of the members voted for or against. The minutes and the adopted decisions are submitted to the bankruptcy judge, the bankruptcy trustee and all members of the Board of Creditors. If the president of the board of creditors refuses to convene a meeting within the determined deadline, the session is convened by the bankruptcy judge.

(3) At the meeting of the Board of Creditors, a member of the Board of Creditors may be replaced with proxy authorized with power of attorney and who can vote for the decisions that are taken at the session. The members of the Board of Creditors who voted "for" the adoption of any of the decisions that are in the competence of the Board of Creditors, cannot vote differently after the end of the session, nor require the annulment of the decision of the Board of Creditors.

(4) The bankruptcy judge and the bankruptcy trustee shall be invited to the session of the Board of Creditors, without voting rights. The bankruptcy judge is not entitled to run the sessions of the Board of Creditors. The members of the board of creditors can decide to hold the session in absence of the bankruptcy judge.

(5) The Board of Creditors can held its session provided that the majority of total number of members of the board of creditors are present. The presence on the sessions is obligatory for the members of the Board of Creditors.

(6) The members of the Board of Creditors may attend and adopt decisions on the organized sessions by using a conference telephone line or by using other audio and video communication equipment, in a manner in which all persons participating in the session so organized are able to hear, see and talk to each other, unless it is prohibited by law. The participation at these sessions shall be considered as attendance and personal participation of the persons involved in this way.

(7) The participation on the session shall be recorded in the Minutes of the Board of Creditors signed by all the members that participated at the session organized in a manner stipulated in paragraph (6) of this article.

Reward for the work performed and reimbursement of the expenses

Article 44

(1) The members of the Board of Creditors are entitled to a reward for their work as well as to reimbursement of their necessary expenses.

(2) The bankruptcy judge shall determine the reward for the work performed and the reimbursement of the expenses of the members of the Board of Creditors, in accordance with the norms and standards stipulated by the Regulation on determination of rewards for the Bankruptcy trustee and for the members of the Board of Creditors. The members of the Board of Creditors have the right to appeal against the decision of the bankruptcy

judge regarding the reward for the work and the reimbursement of the expenses.

ASSEMBLY OF CREDITORS

Organizing of the Assembly of Creditors

Article 45

(1) The bankruptcy judge shall organize the first and the final closing session of the Assembly of Creditors. All bankruptcy creditors, creditors with a right to separate settlement, the Bankruptcy trustee and the debtor are entitled to participate at the session of the Assembly of Creditors.

(2) The time, the venue of the session, and the agenda shall be publicly announced. The public announcement may be omitted, if the session of the Assembly of Creditors is postponed.

(3) Where the Board of Creditors organizes the Assembly, the time, the venue of the session and the agenda shall be publicly announced. The public announcement may be omitted, if the session of the Assembly of Creditors is postponed.

Persons authorized to call the Assembly of Creditors

Article 46

(1) The other sessions of the Assembly of Creditors shall be called by the Bankruptcy Judge upon a proposal by:

- 1) The bankruptcy trustee;
- 2) The Board of Creditors;
- 3) One or more bankruptcy creditors provided that the total amount of their claims exceeds one fifth of the total amount of the claims of all bankruptcy creditors.

(2) Upon a proposal submitted for calling the Assembly in accordance with paragraph 1 of this article the assembly shall be called within 30 days as of the date the proposal was submitted.

(3) If the bankruptcy judge shall fail to call the Assembly of Creditors in accordance with paragraph (2) of this Article, the Assembly shall be convened by the President of the Board of Creditors upon a decision of the Board of Creditors, within a deadline of eight days. The Bankruptcy Judge shall be informed of the called session of the Assembly.

(4) Due to reasons stipulated by law, the bankruptcy judge may adopt a decision on annulment of a decision brought at the Assembly in a period of eight days of the session of the assembly of creditors. The person submitting the proposal referred to in paragraph (1) of this article may file an appeal against the decision of the bankruptcy judge with the appellate court, which is obliged to decide upon the appeal within fifteen days as of the day of receiving the appeal.

Sessions of the Assembly of Creditors and decision making

Article 47

(1) The bankruptcy judge shall run the Assembly of Creditors, but if the Assembly of Creditors is convened in accordance with article 46 paragraph (3) of this Law, the president of the Board of Creditors shall run the Assembly of Creditors.

(2) The decision of the Assembly of Creditors shall be adopted by majority of the verified claims represented by the creditors that attend the session.

Right to vote

Article 48

(1) Voting rights have creditors, whose claims are not disputed either by the bankruptcy trustee, or by any creditors with a right to vote. Creditors whose claims are not disputed in whole shall also have the right to vote proportionally to the part of the claim that is not disputed. Each creditor whose claim is not disputed either by the bankruptcy trustee or by the creditors with a right to vote is entitled to one vote proportionally to the participation of the value of his claim in the total recognized value of the claims.

(2) A creditor with a disputed claim shall also be considered as having a right to vote, if the existence of such claim is proved by the creditor by means of an enforcement document or if the claim is insured by a secured right registered in the public book, unless the debtor proves with a certified document that such has been terminated.

(3) The bankruptcy judge shall, before the beginning of the Assembly of Creditors adopt a decision on recognizing the right to vote of creditors with disputed claims, excluding the creditors pertaining to paragraph (2) of this Article. The creditors shall not have the right to appeal against that decision.

(4) The bankruptcy judge may amend the decision on recognizing the right to vote of creditors with disputed claims on the next sessions of the Assembly of Creditors, upon a proposal of the bankruptcy trustee or any creditor with the right to vote attending the session.

(5) The provision of paragraph (2) of this article shall apply accordingly to creditors whose claims are tied to a deferred term.

(6) The membership in the Board of Creditors and the right to vote at the sessions of the Assembly of Creditors, following the reporting session of the Assembly of Creditors shall be terminated for the secured creditors, who have stated at the reporting session that they shall not participate in the plan for reorganization and that they have commenced the enforcement of the secured right.

Abolishing a decision of the Assembly of Creditors

Article 49

(1) Upon a request of the bankruptcy trustee or a bankruptcy creditor whose rights have been violated, the bankruptcy judge may abolish a decision of the Assembly of Creditors that is contrary to the interests of the bankruptcy creditors or that disables equal treatment of all creditors in respect to the collective settlement.

(2) The request for abolishing a decision of the Assembly of Creditors can be submitted to the bankruptcy judge by the bankruptcy trustee, any creditor whose rights have been violated and who did not vote “for” the disputed decision, in a period of eight days of the session on which such decision was adopted.

(3) The bankruptcy judge can abolish such decision ex- officio. Upon the submitted proposal, as well as when deciding ex officio, the Bankruptcy Judge shall make a decision within eight days. The decision is announced publicly.

(4) The creditor with a right to separate settlement whose rights have been disturbed has a right to appeal against that decision in a period of eight days as of the announcement of the decision. The bankruptcy trustee and the creditor have also right to appeal, provided that the bankruptcy judge adopted a decision for refusing the proposal and abolishing the decision of the assembly of creditors.

Authorizations of the Assembly of Creditors

Article 50

(1) On the first reporting session of the assembly of creditors convened by the bankruptcy judge, with the decision for opening the bankruptcy procedure, the creditors shall adopt the following decisions:

- 1) Decide if the bankruptcy trustee appointed by the bankruptcy judge, shall continue to operating as bankruptcy trustee or shall be dismissed and new bankruptcy trustee shall be appointed.
- 2) Decide if the board of creditors appointed by the bankruptcy judge shall remain with the same composition, which members shall be dismissed and whether the board of creditors shall be extended by electing new members or new board of creditors shall be appointed.
- 3) Decide upon the continuation of the business venture of the debtor and upon the manner of cashing in the debtor's assets; and
- 4) Decide who shall prepare the plan for reorganization in cases of continuation of the business venture.

(2) On the first reporting session of the assembly, the creditors initially decide on the issues referred in paragraph (1), items 1 and 2 of this article. In case when new bankruptcy trustee has been elected, the bankruptcy judge may, upon creditor's proposal, to delay the review of the economic- financial standing of the bankruptcy debtor and adopting the decision referred in paragraph (1) items 3 and 4 of this article in a period not longer than 15 days of the day of holding the session of the first reporting assembly. Appeal is not allowed against the relevant decision.

(3) All decisions falling under the competency of the board of creditors may be adopted by the assembly of creditors. The creditors on the other sessions of the assembly of creditors cannot adopt the decisions referred in paragraph (1) of this article.

(4) In the course of the bankruptcy procedure, the assembly of creditors shall have the right to demand from the bankruptcy trustee to provide reports in relation to:

- 1) Course of the bankruptcy procedure, as well as on the status and the management with the bankruptcy estate; and
- 2) Trade and amount of cash which is at disposal of the bankruptcy debtor.

CHAPTER FOUR

INITIATION OF A BANKRUPTCY PROCEDURE

Proposal for opening of a bankruptcy procedure

Article 51

The bankruptcy procedure shall be initiated upon a proposal made by a creditor, the debtor or other person authorized by law (hereinafter: the proposer) provided that the conditions stipulated by this Law have been met.

(2) The creditor shall be authorized to file a proposal for opening of a bankruptcy procedure presented to the court evidence for fulfillment of conditions for opening of a bankruptcy procedure, in accordance with article 5 of this law.

(3) A proposal for opening of a bankruptcy procedure over the estate of the debtor - legal entity may be submitted on behalf of the debtor by any person authorized by law to represent the debtor – legal entity, as well as by any liquidator.

(4) If the proposal for opening of a bankruptcy procedure referred to in paragraph 3 of this article was not submitted by all persons authorized by the law to represent the legal entity or by the liquidators, such proposal shall be allowed only if the person submitting the proposal makes probable the existence of any of the reasons for bankruptcy. In such case, the bankruptcy judge may hear the other persons authorized to represent the legal entity or the liquidators.

(5) If the proposal for opening of a bankruptcy procedure refers to a general partnership, a limited partnership, or to a limited partnership by shares, in which none of the partners with unlimited liability is an individual, paragraph 3 of this article shall apply equally to the board of directors, the management or the supervisory Board, the administrators, members with unlimited liability or liquidators of those members with unlimited liability (legal entities) who are authorized to represent the debtor.

(6) The provision of paragraph (5) of this Article shall appropriately applied in a case when upon the submission of the proposal for opening of the bankruptcy procedure, the grouping amongst the legal entities has continued to exist in another similar manner.

(7) The debtor–individual personally submits a proposal for opening of a bankruptcy procedure over its estate.

(8) Persons and bodies authorized to manage, represent and supervise the companies and other legal entities shall be jointly and severally liable for the damages caused to the creditors of the company or another legal entity–debtor, if they failed to file a proposal for opening of a bankruptcy procedure, although they were aware or must have been aware of the over-indebtedness of the company or another legal entity. The property liability for damages caused to persons and bodies shall not exclude and shall not affect the possible (criminal) liability of such persons.

(9) The bodies of the debtor authorized by Law to represent the debtor shall be obliged to submit the proposal for opening a bankruptcy procedure not later than 21 days as of the day of occurrence of the reasons for opening the bankruptcy procedure. Enclosed with the proposal for opening the bankruptcy procedure, the debtor shall submit:

1) Receipt issued by the bank that conducts the payment operations for the debtor for the account statement and the unsettled claims which should be paid from the account.

Withdrawal of a proposal

Article 52

(1) A proposal for opening a bankruptcy procedure may be withdrawn until announcing the announcement for opening of the bankruptcy procedure on the bulletin board, or until adopting a decision on rejection or refusal of the proposal.

(2) If the person submitting the proposal withdraws the proposal for opening a bankruptcy procedure, the bankruptcy judge shall terminate the procedure. In such case, the person submitting the proposal shall cover the expenses incurred in the procedure.

Review of the proposal and advance payment of the expenses of the preliminary procedure

Article 53

(1) The bankruptcy judge examines the regularity of the proposal and whether the proposer has provided all the evidence so that the bankruptcy judge can act upon the proposal. If bankruptcy judge finds that the proposal

is incomplete and that all the necessary evidence are not submitted in accordance with this Law, he will return the proposal to the proposer to complete it within a period that cannot be longer than eight days.

(2) If the proposer within the given deadline of paragraph (1) of this article does not complete the proposal or does not submit the necessary evidence, the bankruptcy judge will adopt a decision rejecting the proposal. Appeal is not allowed against this decision.

(3) If the proposal for opening of bankruptcy procedures is complete and all the necessary evidence are also submitted, within three days of the date of submission of the proposal in the court or upon the completion of the proposal, the bankruptcy judge shall adopt a decision determining the advance on costs for the previous procedures in amount that cannot be lower than 15.000 Denars, nor higher than 25.000 Denars. Appeal is not allowed against this decision.

(4) The proposer shall, within eight days of the day of receipt of the decision, pay the advance payment of costs for the previous procedure determined by the bankruptcy judge. If within this period the proposer fails to pay the advance, or has untimely paid the advance the bankruptcy judge shall adopt a decision to reject the proposal. Appeal is not allowed against this decision.

(5) The paid advance shall be included into the costs of the bankruptcy procedure and shall be returned to the creditor, unless the bankruptcy judge after the implementation of the previous procedure finds that the submitted proposal for initiating a bankruptcy procedure over the debtor is unfounded. In this case the advanced amount shall cover the costs incurred in implementing the previous procedure.

CHAPTER FIVE

PRELIMINARY PROCEDURE

Initiating a preliminary procedure

Article 54

(1) Within three days of the submission that the advance payment is paid by the proposer, the bankruptcy judge shall adopt a decision on initiation of previous procedure for examining the conditions for opening of bankruptcy procedure. If, after the decision for commencement of preliminary procedures, other proposals for initiating bankruptcy procedures against the same debtor are being submitted, the bankruptcy judge shall issue a decision on merging the procedures for the subsequently filed proposals in one single procedure.

(2) With the decision for initiating the preliminary procedure, the bankruptcy judge will schedule a hearing to investigate the conditions for opening the bankruptcy procedure no later than 30 days of the decision for initiating a preliminary procedure. If the proposal for opening bankruptcy procedure is submitted by the creditor, in such case, together with the decision for initiating a preliminary procedure, a copy of the proposal for the opening of bankruptcy procedure shall be submitted to the debtor. Appeal is not allowed against this decision. Copy of the decision shall be submitted to Central Register of the Republic of Macedonia and shall be published on the website of the court that has adopted the decision.

3) The bankruptcy judge may adopt a decision for opening the bankruptcy procedure without conducting a preliminary procedure in the following cases:

1) If the proposal for opening of bankruptcy procedures is filed by the bankruptcy debtor, i.e. liquidator, together with the report in accordance with article 55 paragraph (2) of this law, as well as with the necessary documents and evidence out of which the conditions for the opening of bankruptcy procedure can be established and that there are assets over which the bankruptcy procedure can be conducted, and

2) Upon a proposal of a creditor, the debtor recognizes the existence of the conditions for opening of the bankruptcy procedure and that there is property over which bankruptcy procedure can be conducted.

**Responsibility to provide information during the preliminary
procedure
Article 55**

(1) Following the submission of a proposal for opening a bankruptcy procedure, the debtor shall provide the bankruptcy judge with all data and information necessary for adopting a decision in relation to the proposal. The provisions from articles 56 and 57 of this Law shall apply to the obligation for provision of information referring to this article.

(2) If the bankruptcy procedure is initiated upon a proposal of the debtor, the bankruptcy judge shall bring a decision by which it shall oblige the debtor or its bodies to submit a written report on the debtor's financial standing within eight days. Each member of the bodies of the debtor or the debtor-individual is criminally and materially liable for the authenticity of the report provided.

**Debtor's responsibility to cooperate and place at disposal all necessary
information
Article 56**

(1) The debtor, or the members of its management or supervisory board as well as the personally liable members of the debtor, authorized for representing, shall be obliged to provide all relevant information on the circumstances concerning the procedure to the bankruptcy judge, to the interim bankruptcy trustee or to the bankruptcy trustee, to the Board of Creditors and, upon a bankruptcy judge's order, to the Assembly of Creditors. The debtor is obliged to present all the facts that could also lead to its criminal prosecution. The facts that the debtor has revealed due to the obligation imposed by this article cannot be used against the debtor without its consent in a judicial, administrative or other procedure initiated against him.

(2) The debtor shall be obliged to assist the interim bankruptcy trustee or the bankruptcy trustee in the fulfillment of his duties.

(3) The debtor shall be obliged, upon an order of the bankruptcy judge, to provide information and to co-operate at any time. He shall be obliged to refrain from all activities that could hinder the fulfillment of his obligations.

(4) Obligations stipulated in paragraph (1) of this article shall apply accordingly to the members of the bodies that were elected prior to the election of the current bodies.

Taking in, detention and fine

Article 57

(1) If it is necessary for obtaining adequate statements, the bankruptcy judge can order taking in of the debtor, or members of its management or supervisory board, as well as the personally liable members of the debtor authorized for representing and of the persons who had such capacity in the previous two years prior to the submission of the proposal for initiation of bankruptcy.

(2) The detention shall be determined by a decision of the bankruptcy judge after the hearing of the debtor:

1) If the debtor refused to present the relevant information or refused to co-operate with the bankruptcy trustee in the fulfillment of his tasks;

2) If the debtor avoids or intends to avoid the presentation of information and co-operation, and especially if he contemplates escape; or

3) If it is necessary to prevent the debtor from undertaking activities which would hinder the collection of the necessary documents and information, or the conservation and the protection of the bankruptcy estate.

(3) On the basis of a decision of the bankruptcy judge, the responsible persons of the debtor pursuant to article 56 of this Law may be detained not more than 30 days as of the date of deprivation of liberty. Against the decision on detention, the debtor may submit an appeal to the appellate court within 3 days from receiving the decision, upon which the appellate court shall decide within 48 hours of the recipient of the appeal.

(4) The provisions for detention in the criminal procedures appropriately apply to the detention of the debtor in accordance with paragraph (2) of this article. The detention is abolished ex officio once the reasons for detention of the debtor cease to exist.

(5) For failure to fulfill the obligations determined in article 56 of this Law, the bankruptcy judge may impose to the debtor's responsible persons monetary fine in an amount which cannot be less than 30,000 Denars, or exceeding 300,000 Denars. The rules of the enforcement procedure for enforcement and imposing the monetary fine shall accordingly apply for realization of the activities which can be performed only by the debtor.

Security measures

Article 58

(1) The bankruptcy judge may, upon a request of the proposer or ex officio, together with the decision on commencement of a preliminary procedure, determine all necessary measures which could prevent occurrence of changes in the financial status and the assets of the debtor that could be unfavorable for the creditors until the adoption of the decision upon the proposal for opening a bankruptcy procedure.

(2) The bankruptcy judge may in particular:

- 1) Appoint an interim bankruptcy trustee out of the list of bankruptcy trustees, who have obtained the status of an certified bankruptcy trustee;
- 2) Impose a general prohibition for disposal of the property of the debtor, or determine that the debtor may dispose the property only with the prior permission of the bankruptcy judge, or of the interim bankruptcy trustee;
- 3) Prohibit or temporarily postpone the determination or execution of compulsory enforcement or collaterals against the debtor; and
- 4) Prohibit all payments from the debtor's account.

(3) The bankruptcy judge can adopt the decision for determining security measures together with the decision for opening a preliminary procedure for examining the conditions for commencement of a bankruptcy procedure or before the adoption of the decision for initiating preliminary procedure. Appeal is not allowed against the decision on determining the security measures.

(4) If other measures are not sufficient, the bankruptcy judge may decide that the responsible persons of the debtor should be taken in by force.

(5) The legal consequences of the decision that determines security measures occur the day following the day of delivery of the decision.

Interim bankruptcy trustee

Article 59

(1) If the bankruptcy judge appoints an interim bankruptcy trustee with a decision and if imposes to the debtor general prohibition for disposal, the authorization for disposing with de debtor's property shall pass to the interim bankruptcy trustee. In such case the temporary bankruptcy trustee is be obliged to:

- 1) Protect the estate of the debtor by all appropriate means;

2) Provide consent to the debtor's management bodies, or to the debtor-sole proprietor carrying out debtor's operation, for the purpose of avoiding significant reduction of the estate, until a decision for opening a bankruptcy procedure is adopted;

3) Examine whether the debtor has assets over which the bankruptcy procedure can be executed and whether they are sufficient for settling the expenses of the procedure;

(2) The bankruptcy judge can request from the interim bankruptcy trustee, as an expert, to inquire whether the conditions for opening of a bankruptcy procedure exist i.e. whether the debtor is insolvent. In the interim procedure, the bankruptcy judge may appoint one or more individuals to examine if the conditions for opening bankruptcy procedure are fulfilled, only in cases where the bankruptcy trustee was not obliged to review the debtor's insolvency. The authorized expert is obliged to prepare the expert report and opinion in a period of eight days of the day of adopting the decision.

(3) The bankruptcy judge shall not appoint an expert to review the conditions for opening the bankruptcy procedure, as determined under this Law, if the bankruptcy judge determines that the conditions for opening the bankruptcy procedure are fulfilled without previous review of the conditions for opening the bankruptcy procedure

(4) The debtor – individual, or the bodies of the debtor - legal entity shall be obliged to allow the interim bankruptcy trustee to enter the business premises of the debtor for the purposes of performing all necessary actions, as well as to inspect the trade books and business documents of the debtor.

Announcement of limitation of the right of disposal

Article 60

(1) The decision by which limitations on the right of disposal stipulated in article 58, paragraph (2), item 2 of this Law are determined and by which an interim bankruptcy trustee is appointed, shall be publicly announced. The decision shall be delivered to the debtor and to the interim bankruptcy trustee. At the same time, the debtors of the debtor shall be summoned to settle their liabilities taking into consideration the announced decision. The debtor's joint co-debtors and guarantors shall be summoned to fulfill their obligations towards the debtor, without delay and in a manner precisely set forth in the decision.

(2) The bankruptcy judge shall deliver the decision referred to in paragraph 1 of this Article to the Central register where the debtor is registered.

(3) The issue of registration of the limitation of the right of disposal in the public books which regulate the registration of the rights on real estate title (cadastre), the Central Register and in other respective registers shall be governed pursuant to the provisions of this Law for entry of the opening of the bankruptcy procedure in such registers.

Legal effect of the limitation of the right of disposal

Article 61

(1) The provisions of this Law referring to the legal consequences of a breach of the limitation of the right of disposal after the opening of the bankruptcy procedure shall equally apply to any breach of the prohibition for disposal stipulated in article 58 of this Law.

(2) If the authorization for disposing with the debtor's estate passed to the temporary bankruptcy trustee, the provisions of this Law regulating the litigation procedures, shall apply to the litigation procedures and their taking over after the opening of the bankruptcy procedure.

Abolition of the security measures

Article 62

(1) A decision to abolish the security measures shall be announced or delivered in the same manner as the decision by which such measures were imposed.

Responsibilities of the interim bankruptcy trustee prior to dismissal

Article 63

(1) Prior to the dismissal of the interim bankruptcy trustee, the interim bankruptcy trustee shall have the right and obligation, in the name and on behalf of the debtor, to settle the expenses and fulfill the obligations incurred by the debtor. The same shall also apply to obligations arising from permanent contractual relation, if the interim bankruptcy trustee has received consideration for the estate that he manages after being appointed.

(2) In case a bankruptcy procedure is opened, the bankruptcy judge may determine that the bankruptcy trustee shall exercise the rights and obligations referred to in paragraph (1) of this article instead of the interim bankruptcy trustee.

CHAPTER SIX

OPENING OF A BANKRUPTCY PROCEDURE

Hearing for declaration upon the proposal for opening a bankruptcy procedure

Article 64

(1) If a decision on opening a preliminary procedure has been adopted, the bankruptcy judge, within 30 days of the date of the decision for opening a preliminary procedure, shall schedule a hearing for discussion of the conditions for opening of a bankruptcy procedure.

(2) If the bankruptcy judge has not adopted a decision on opening a preliminary procedure pursuant to article 54 paragraph (3) of this Law, he/she will hold a hearing for discussing the conditions for opening of the bankruptcy procedure, within eight days upon the receipt of the proposal.

(3) At the hearing referred to in paragraphs (1) and (2) of this article the following are invited: the proposer, the representatives of the debtor - legal entity, the individual debtor and the interim bankruptcy trustee, if appointed, and a third party if he/she has submitted a proposal for taking over the debt.

(4) At the hearing referred in paragraph (1) of this article examined are the report made by the interim administrator, findings and opinion of an expert has been appointed and the possibility for taking over the debt, if such proposal is submitted by a third party in accordance with article 65 of this Law.

(5) At the hearing referred to in paragraph (2) of this article the evidence submitted by the representatives of the debtor, or liquidator in respect of insolvency and evidence that the debtor has property over which the bankruptcy procedure can be opened and conducted shall be examined. If, from the submitted evidence, it appears that the debtor has no assets above which a bankruptcy procedure can be implemented or it is not sufficient to cover the costs of the bankruptcy procedure, in that case a decision on determining the advance on costs for the preliminary procedure is adopted in accordance with article 53 paragraph (3) and in connection with article 68 of this law.

Assumption (takeover) of the debt

Article 65

1) If at the hearing, a third party gives a statement on assuming the debt of the bankruptcy debtor, a bank guaranty should be enclosed with the statement by the third party. The bankruptcy judge shall examine the statement and, if necessary, the bank guaranty. For that purpose, the bankruptcy judge may postpone the hearing, but not longer than 8 days.

(2) The person that provides the statement is responsible for any damage incurred and for the expenses of the procedure, if it turns that the statement on taking over the debt is without proper coverage.

(3) Following the approval by the bankruptcy judge on the debt assumption, the person that provided the statement, and his guarantors, shall be jointly liable with the debtor for his liabilities that have been incurred prior to the statement on taking over the debt.

(4) With the decision on approving the taking over of the debt, the bankruptcy judge shall terminate the preliminary bankruptcy procedure. The person submitting the proposal has a right to appeal against this decision. Copy of the decision shall be submitted to the Central Register.

Deciding upon application

Article 66

(1) The bankruptcy judge shall adopt the decision for adopting or rejecting the proposal for opening a bankruptcy procedure at a hearing in order to discuss the conditions for opening a bankruptcy procedure and publish it immediately after the conclusion of the hearing.

(2) With the decision rejecting the proposal for opening a bankruptcy procedure, the bankruptcy judge shall determine who is obliged to bear the expenses in the procedure.

(3) If it is determined that until the completion of the preliminary procedure the debtor has become solvent, the bankruptcy judge shall issue a decision terminating the initiated preliminary procedure. The expenses of the procedure shall be covered by the debtor. Copy of the decision shall be submitted to the Central Register of Republic of Macedonia. Appeal is not allowed against the decision of the bankruptcy judge for terminating the initiated preliminary procedure.

Direct Opening of a bankruptcy procedure

Article 67

Deleted

Cases when opened bankruptcy procedure is not conducted

Article 68

(1) Provided that upon the executed preliminary procedure, the interim bankruptcy trustee determined that conditions for opening the bankruptcy procedure are fulfilled, but the same cannot be carried out as the debtor either does not own assets or the assets which would constitute the bankruptcy estate are not sufficient to settle the costs of the procedure or is of insignificant value, the bankruptcy judge shall, adopts a decision for opening the bankruptcy procedure and its closure and shall order deletion of the debtor from the register where the latter is registered, In this case, the bankruptcy procedure shall not be conducted. Following the completion of the preliminary procedure, the bankruptcy judge shall adopt a decision on opening and concluding of the bankruptcy procedure and order deletion of the debtor from the register in which the latter is registered. In the latter case, the bankruptcy procedure shall not be implemented.

(2) The decision referred in paragraph (1) of this article shall be published in the “Official Gazette of Republic of Macedonia”, on the web site of the court which adopted the decision and shall be submitted with the Central Registry no later than three days. The announcement shall contain the following data:

- 1) Name of the court that brought the decision;
- 2) Name and surname of the bankruptcy judge;
- 3) Name and surname of the temporary trustee; and
- 4) Firm, registered office, unique identification number of the bankruptcy debtor, tax number and account number.

(3) If it is determined that the bankruptcy debtor owns assets, but they are not sufficient for covering the expenses of the bankruptcy procedure, the bankruptcy judge shall adopts a decision for cashing in the assets, in accordance with article 98 paragraph (5) of this Law and the cash received shall be used for settlement of the expenses of the bankruptcy procedure. Any surplus shall be paid in the Budget of the Republic of Macedonia. The procedure for cashing in the assets shall be carried out by the interim bankruptcy trustee in a period not longer than 30 days. Upon completion of

the procedure for cashing in the assets and settlement of the costs, the bankruptcy judge shall adopt a decision for opening the bankruptcy procedure, its closure and shall order deletion of the debtor from the register in which the latter is registered.

(4) The creditors have the right to appeal against a decision referred in paragraph (1) and (2) within eight days as of the day of its publishing in the “Official Gazette of the Republic of Macedonia”. Upon the validity of the decision, the debtor shall be deleted from the register in which the latter is registered.

(5) If, upon closure of the bankruptcy procedure in accordance with paragraph (1) of this article, new assets of the bankruptcy debtors which enters into the bankruptcy estate, the bankruptcy judge shall adopts a decision for conducting bankruptcy procedure over the bankruptcy debtor. Appeal is not allowed against the relevant decision. The bankruptcy trustee shall be appointed in accordance with the method for electronic election. Copy of the decision shall be submitted to the Central Register of Republic of Macedonia.

Content of the decision for opening a bankruptcy procedure

Article 69

(1) With the decision for opening a bankruptcy procedure over the debtor, the bankruptcy judge shall also appoint the bankruptcy trustee in the manner and under the conditions stipulated by this Law.

(2) The decision for opening a bankruptcy procedure shall include the following data:

1) Name, scope of activities, registered office, address, the unique identification number of the entity subject to entry, the tax number and the account number of the debtor;

2) Name, surname and the address of the bankruptcy trustee; and

3) Date and time of the opening of the bankruptcy procedure. If the date and time of the opening of the bankruptcy procedure are not specified with the decision, the bankruptcy procedure shall be considered as opened at 12:00h on the day when the decision is brought.

(3) With the decision on opening the bankruptcy procedure the creditors shall be summoned to report their claims to the bankruptcy trustee in a period of 15 days of the day when the decision is published with the “Official Gazette of Republic of Macedonia”, secured claims over the movables and the rights

of the bankruptcy debtor, over the secured claims over the debtor's immovable which are not registered with the public registers or the secured claims over the immovable which are registered with the public registers to the bankruptcy trustee.

(4) With the decision on opening of a bankruptcy procedure, the creditors shall be summoned to report to the bankruptcy trustee within 15 days, claims secured with the movables and the rights of the bankruptcy debtor, the debtor's immovable which are not registered with the public registers or the debtor's immovable which are registered with the public registers to the bankruptcy trustee. The creditors shall be obliged to report their rights to separate settlement of movable objects and rights of the debtor that are registered in the registers where those objects, i.e. rights are kept. The application shall include a description of the object encumbered with a right to separate settlement, the manner and the basis on which such right was established, as well as the means for securing the claim. The creditor shall be held liable for the damage that might be caused, if the latter, without any justified reason, intentionally omit or delay the filing of the application. The secured creditors that did not reported the right for separate settlement within the stipulated deadline, shall not lose their right to separate settlement on the object encumbered with a right to separate settlement in the bankruptcy procedures.

(5) All bankruptcy debtor's debtors shall be summoned with the decision for opening the bankruptcy procedure to fulfill their obligations towards the bankruptcy debtor to the bankruptcy trustee.

(6) With the decision for opening bankruptcy procedure, the bankruptcy judge shall order the opening of the bankruptcy procedure to be registered in the Trade Register, the public books where the rights over the real estate are registered and with other relevant registers.

Scheduling the examination and reporting hearing

Article 70

(1) With the decision on opening of the bankruptcy procedure the bankruptcy judge shall schedule:

1) Hearing for examining and determining the filed claims (examination hearing), which shall be held in a period not longer than 45 days upon the expiry of the deadline for reporting the claims;

2) Assembly of Creditors, at which it shall be decided upon the further course of the bankruptcy procedure, based on the report of the bankruptcy trustee (reporting hearing).

(2) The examination hearing and the report hearing referred in paragraph (1) of this article may be merged. In that case, first are examined the reported claims, and then the Assembly of Creditors shall be held (the reporting hearing).

(3) If the report hearings and the assembly of creditors referred in paragraph (1) item 2 of this article are not merged, the first reporting assembly of creditors shall be scheduled in a period of eight days of the day of holding the examination hearing.

Announcement for opening of a bankruptcy procedure

Article 71

(1) The creditors shall be informed about the opening of a bankruptcy procedure through announcement.

(2) The announcement shall be posted on the bulletin board, the “Official Gazette of Republic of Macedonia” and in two daily newspapers distributed on the territory of the Republic of Macedonia. The notice must be placed on the bulletin board on the same day when the decision for the opening of the bankruptcy procedure is adopted.

(3) The bankruptcy trustee shall be obliged to publish the announcement in two daily newspapers in the Republic of Macedonia, within 3 days from the day of receiving the decision on appointing the bankruptcy trustee.

(4) The announcement for opening the bankruptcy procedure contains:

1) Name of the court that has adopted the decision for opening of a bankruptcy procedure;

2) Name of the bankruptcy judge;

3) The day of announcing the announcement on the court’s bulletin board;

4) Name and address of the bankruptcy trustee;

5) Company’s business name, registered office, the unique identification number of the entity subject to entry, the tax number and account number of the debtor;

6) Notice to the creditors of the debtor to report their claims within 15 days of the publication of the notice;

7) Place, day and hour of the reporting and the examination hearing if they are merged;

- 8) Summon for the debtor's debtors to settle their debts without any delay.

Delivery and announcement of the decision for opening of a bankruptcy procedure

Article 72

(1) The decision for opening the bankruptcy procedure shall be delivered to the person submitting the proposal, the debtor and the bank where the debtor keeps the account.

(2) The decision for opening the bankruptcy procedure shall also be delivered to the bodies that maintain the registries, i.e. public books, referred to in Article 69, paragraph (6) of this Law. The decision opening the bankruptcy procedure, referred to in Article 68 of this Law, shall also be delivered to such bodies.

(3) On the basis of the delivered decisions, the bodies, referred to in paragraph (2) of this article, are obliged to record the opening of a bankruptcy procedure ex officio.

(4) The bankruptcy judge shall instruct the debtor - individual, that, pursuant to this Law, he may request exemption of the remaining obligations.

Legal remedies

Article 73

(1) The person submitting the proposal shall right to appeal if the bankruptcy judge rejects the proposal for opening of a bankruptcy procedure.

(2) If the bankruptcy judge adopted decision for opening the bankruptcy procedure, only the debtor has right to appeal within a period of eight days of the day of receipt of the decision.

(3) The appellate court shall decide upon the appeal within a period of 15 days of the day of receipt of the appeal referred in paragraph (1) and (2) of this article.

Bankruptcy procedure of small value

Article 73-a

- (1) In case where the value of the debtor's bankruptcy assets amounts up to 1.000.000 Denars, a board of creditors shall not be appointed.
- (2) If the assembly of creditors decide to cash in the assets, the manner for cashing in the assets shall be determined in accordance with the provisions of article 98 paragraph (5) of this law.

PART THREE

BANKRUPTCY ESTATE, MANAGMENT AND DISPOSAL WITH THE PROPERTY THAT COMPRISES THE BANKRUPTCY ESTATE

CHAPTER ONE

BANKRUPTCY ESTATE

Definition of the bankruptcy estate

Article 74

(1) The bankruptcy estate comprises the entire assets of the debtor at the day of the opening of the bankruptcy procedure, as well as the assets that the debtor shall acquire in the course of the bankruptcy procedure.

(2) The bankruptcy estate is used for settlement of the costs of the bankruptcy procedure, as well as for settlement of the bankruptcy debtor's creditors, or of the claims which settlement is secured with certain rights over the debtor's assets.

Property excluded from the bankruptcy estate

Article 75

Objects and rights of the debtor-individual over which enforcement cannot be carried out, shall not be included in the bankruptcy estate, if the debtor was a merchant or artisan.

Property of Spouses

Article 76

(1) Joint property of the spouses or a part of it, shall be included in the bankruptcy estate, if the spouses have agreed in writing that the management and the disposal with the joint property, or a part of it, to be performed by one of them, and when the bankruptcy procedure is opened over the estate of that spouse.

(2) The joint property of the spouses shall not be included in the bankruptcy estate, if the spouses have jointly and mutually managed the joint property, and a bankruptcy procedure has been opened over the property of one of the spouses.

(3) During the bankruptcy procedure, no division of the joint property of the spouses shall be carried out.

(4) The provision, referred in paragraph (1) of this article, shall also apply on the permanent relationship.

CHAPTER TWO

SECURING THE PROPERTY THAT COMPRISES THE BANKRUPTCY ESTATE

Taking possession of the property that comprises the bankruptcy estate

Article 77

(1) Upon opening of the bankruptcy procedure, the bankruptcy trustee shall immediately undertake in possession and management the assets which comprise the bankruptcy estate.

(2) In case the bankruptcy debtor or third person who holds in possession, refuses to give the movable and immovable assets in possession and management, the bankruptcy judge shall, upon proposal of the bankruptcy trustee, order with a decision a mandatory handover of the assets. Appeal is not allowed against this decision of the bankruptcy judge. With the order for giving the assets the court may *ex officio* prescribe forceful measures against the representative of the debtor - legal entity or the debtor – individual.

Sealing

Article 78

In order to secure the objects that are part of the assets that comprise the bankruptcy estate, the bankruptcy trustee may form a Committee for sealing these objects. The bankruptcy trustee deposits the minutes that confirm and prove the sealing or the breaking of seals in the bankruptcy file. The court makes the minutes available for inspection to every participant in the procedure.

Bank accounts of the debtor

Article 79

(1) On the day of the opening of the bankruptcy procedure, the debtor's bank accounts shall be closed and the rights of the persons authorized to dispose with the funds in the debtor's account shall be terminated.

(2) At the same time, the bankruptcy trustee shall open new Denar and new foreign currency accounts and shall notify the Central Register thereof. The Central Register shall notify the banks to transfer the funds from the closed

accounts referred to in paragraph (1) of this article to a new Denar or foreign currency account opened by the bankruptcy trustee.

(3) The bankruptcy trustee shall not issue payment orders at the expense of the accounts referred to in paragraph (1) of this article.

Business name of the debtor

Article 80

(1) After the opening of the bankruptcy procedure, the phrase “under bankruptcy” shall be added to the debtor’s business name or the personal name.

(2) The change referred to in paragraph (1) of this article shall be entered in the respective register of the Central Register and shall be published in the manner for publishing the data of the respective register.

Money, securities and valuables

Article 81

(1) The board of creditors may stipulate the place and conditions under which the cash, securities or valuables shall be deposited or invested. If the board of creditors has not been established or has not yet adopted a decision, the bankruptcy judge shall adopt the decision.

(2) If a board of creditors has been established, the bankruptcy trustee shall be authorized to receive money, securities or valuables from the legal entity (agency, bank and alike) at which or through which the depositing or the investment was done, as long as an authorized member of the board of creditors has signed the receipt for receiving the respective payments, securities or valuables. An order issued by the bankruptcy trustee to the mentioned legal entity (agency, bank and alike) must be signed by the authorized member of the board of creditors in order to produce legal effect and to be legally binding.

(3) With a decision of the assembly of creditors, the manner and the conditions under which the money, securities and other valuables shall be deposited or invested may be arranged differently.

Inventory of the assets that comprises the bankruptcy estate

Article 82

(1) The bankruptcy trustee shall be obliged to make an inventory of all objects and rights which represent assets that comprises the bankruptcy estate. The debtor – individual or the legal representatives of the debtor – legal entity shall be obliged to cooperate with the bankruptcy trustee.

(2) The value of each object or right or assets shall be stated individually in the inventory. The appraisal of the movable and immovable asset that is part of the bankruptcy estate shall be confirmed from the bankruptcy trustee by engaging an expert (valuer). The board of creditors shall adopt the decision on engaging the expert (valuer). If the Board of Creditors has not been established, the bankruptcy judge shall adopt such decision.

(3) The valuer shall be personally liable with his entire property for the accuracy of the data in the appraisal report and shall be criminally liable if he fails to implement the code of ethics of the certified valuers and the international appraisal standards. When selecting the method of appraisal the valuer shall take into account whether the valuation is done for the purpose of sale or for the continuation of the business venture.

(4) The certified valuer shall prepare a report on the appraised value in accordance with the international appraisal standards. The appraisal report shall contain a description of the appraised property and the method used therein. A proof of ownership of immovable property, as well as of movable property subject to record (register) pursuant to law, shall be enclosed to the report.

(5) In case where in the course of the inventory the bankruptcy trustee discovered immovable property of the debtor which is not registered in the cadastre of immovable, the bankruptcy trustee is obliged, within eight days upon completing the inventory, to initiate a procedure for reminding this property in a separate register in the public records.

(6) If the bankruptcy debtor is owner of a right for building based on an agreement for co-investment or mutual construction concluded prior the opening of the bankruptcy procedure, and the object has not been constructed, the bankruptcy trustee is obliged to evidence the property as assets which enters in the bankruptcy estate.

List of Creditors

Article 83

(1) Within eight days of the day of the occurrence of the legal consequences of the bankruptcy procedure, the bankruptcy trustee is obliged to compile:

1) List of all creditors of the debtor;

2) List of debtors of the bankruptcy debtor, whereas this lists are compiled in accordance with the debtor's accounting evidence and trade books and submits them to the bankruptcy judge

(2) In the list referred to in paragraph (1) item 1 of this article, the bankruptcy trustee shall categories creditors by payment order, the address of each creditor, as well as the legal grounds and the amount of the claim. With the list of creditors, the bankruptcy trustee shall record the creditors with right to separate settlement over object or right, by stating the legal grounds, the amount, the object over which the collateral is established, as well as the probable amount of the claim which shall not be settled with the realization of the collateral.

(3) With the list of the bankruptcy debtor's creditors in accordance with paragraph (1) item 2 of this article, the bankruptcy trustee shall state the amount of claim which is not settled, the legal basis and the reasons due to which the claim is not paid, whether a procedure for collection of claims is carried out, the stage of such procedure and the probability for settlement of each claim separately. Also, the bankruptcy trustee is obliged to make estimation of the costs for settlement of each claim and the same is submitted to the bankruptcy trustee.

(4) With the list the bankruptcy trustee shall state each situation which allows mutual compensation of the claims.

Initial balance of the bankruptcy

Article 84

(1) Within a period of 30 days of the day of taking the bankruptcy debtor's assets, the bankruptcy trustee is obliged to compile a comparative inventory in which the value of the assets of the bankruptcy estate and the debtor's liabilities and their appraisal shall be stated, which is the initial balance of the bankruptcy, considering the date of opening of the bankruptcy procedure. The appraisal of the assets comprising the bankruptcy estate shall be done in accordance with the provisions of article 82 paragraph (2), and the appraisal

of the value of the liabilities shall be done according to the provisions of article 83 paragraph (2) of this law.

(2) Following the compilation of the inventory of assets and liabilities, upon the proposal of the bankruptcy trustee, the bankruptcy judge shall order the debtor to provide a separate written statement in respect to the comprehensiveness, completeness and authenticity of such compiled overview. In this case the provisions from articles 57, paragraph (1) and 58 of this Law shall apply accordingly.

Depositing in the bankruptcy file

Article 85

The bankruptcy trustee shall deposit in the bankruptcy file the inventory of the property that comprises the bankruptcy estate, the list of creditors, the list with determined and disputed claims, the report on the debtor's economic-financial standing, the monthly and other reports of the bankruptcy trustee, the proposed plan for distribution, the final report and the plan for reorganization, in a period of three days upon their preparation. The content and the manner for keeping the bankruptcy file shall be prescribed by the minister of economy.

Accounting in Accordance with legal provisions

Article 86

(1) With the opening of the bankruptcy procedure, the debtor is obliged to maintain and keep the trade book, the accounts and other business documents and reports in accordance with the Law. In respect to the property that comprises the bankruptcy estate, such obligations represent a duty of the bankruptcy trustee. The accounting shall be performed in accordance with the law.

(2) The bankruptcy trustee shall be obliged to prepare an annual account for the period from the date of submitting the last annual account submitted by the debtor prior the opening of the bankruptcy procedure up to the day of opening of the bankruptcy procedure, within 60 days as of the opening of the bankruptcy procedure and deliver it to the register of annual accounts maintained by the Central Register.

(3) The new business and accounting year shall commence as of the date of opening of the bankruptcy procedure. The period for which the annual

account referred to in paragraph (2) of this article was prepared shall not be taken into account when preparing and submitting the annual account to the competent bodies for the following years.

(4) In case the bankruptcy procedure is closed prior to the expiry of the obligation to prepare and submit the annual account in accordance with the law, the bankruptcy trustee shall be obliged to prepare it for the period from the opening to the closing of the bankruptcy procedure and submit it to the body referred to in paragraph (2) of this article.

(5) Respective regulations shall apply to the appointment of an auditor of the balance sheet in the bankruptcy procedure, whereby such auditor shall be appointed by the bankruptcy judge upon a request of the bankruptcy trustee. If an auditor has been appointed for the business year before the opening of the bankruptcy procedure, such appointment remains valid after the opening of the bankruptcy procedure.

PART FOUR

**SETTLEMENT OF THE CREDITORS IN THE
BANKRUPTCY PROCEEDING**

CHAPTER ONE

DETERMINING THE CLAIMS

Reporting claims

Article 87

(1) All creditors having claims towards the bankruptcy debtor as of the day of opening the bankruptcy procedure shall report their claims in written within a period of 15 days as of the day of announcing the opening of the bankruptcy procedure in “Official Gazette of Republic of Macedonia”. The written applications shall be delivered to the bankruptcy trustee on the address published in the announcement. Written proofs for the claims shall be enclosed with the application. (2) With the submitted application, the creditors are obliged to state:

- 1) name, registered office, personal identification number and unique tax number of legal entities, name and surname, address and unique identification number for individuals;
 - 2) name of the carrier of the payment operations in which the creditor has an account and account number;
 - 3) legal basis of the claim;
 - 4) amount of the claim, stating separately the amount of the main claim with calculated interest up to the day of opening of the bankruptcy proceeding; and
 - 5) Specific request of the creditor in accordance with the provisions of the Law on Litigation Procedure for content of the lawsuit.
- (3) If claims for which litigation or other procedure is being conducted are filed, the application shall indicate the court or other body before which the lawsuit is filed by indicating the number of the file.
- (4) Creditors with a right to separate settlement, beside the data mentioned in paragraph (2) of this article, shall state the part of the assets of the debtor to which their right refers, as well as the amount of their claim.
- (5) The creditors of a lower rank shall be informed of their lower ranking status after they have reported their claims. With the application, they shall enclose written proves for the secured claim.
- (6) Upon the reporting of the claims, the creditors of lower payment ranks shall be informed on their lower ranking.

Incomplete or delayed application

Article 88

(1) Within five days of the expiry of the deadline for reporting the claims, the bankruptcy trustee is obliged to prepare separate table in which he shall records the claims of the bankruptcy creditor who missed the deadline for reporting the claims in accordance with article 87 paragraph (1) of this article. The table is submitted to bankruptcy judge. No later than three days of the day of receipt of the table submitted by the bankruptcy trustee, the bankruptcy judge shall adopt a decision for refusing the submitted applications as untimely. Appeal is allowed against the relevant decision, upon which the appellate court shall decide in a period of eight days of the day of receipt of the appeal. Upon the validity of the decision with which the application is refused as untimely, it is considered that the bankruptcy creditor lost the right to settle the claim in the bankruptcy procedure.

(2) If the creditor submits an application to the bankruptcy trustee which does not contain all the necessary data according to article 87 paragraph (2) of this law, the bankruptcy trustee shall return the application to the creditor for completion within a period of 8 days. If the creditor does not complete the application within the stipulated deadline, the bankruptcy trustee shall submit proposal to the bankruptcy judge to refuse the application as incomplete. Appeal is allowed against the relevant decision, upon which the appellate court shall decide in a period of eight days of the day of receipt of the appeal. If the bankruptcy judge does not refuse the clam as incomplete, within the same deadline shall adopts a conclusion ordering the bankruptcy trustee to continue the procedure to continue the procedure for determining and disputing the claim. Appeal is not allowed against the decision of the bankruptcy judge.

Statements regarding the filed claims

Article 89

(1) The bankruptcy trustee determines the grounds, the amount and payment order of each claim and composes a separate chart (scheme) of determined and disputed claims within 15 days upon the expiry of the deadline specified in article 87 paragraph (1) of this Law.

(2) The bankruptcy trustee delivers the special chart (scheme) referred to in paragraph 1 of this article to the bankruptcy judge, deposits it in the

bankruptcy file along with all enclosed documents, papers and evidence submitted with each application and publishes it through the e-bankruptcy system within five days after the deadline referred to in paragraph (1) this Article. The bankruptcy trustee is obliged to publish an announcement on the bulletin board of the court and in one daily newspaper, that the chart of determined and disputed claims has been deposited in the bankruptcy file. The bankruptcy trustee is obliged to conduct a personal delivery of the special chart to the creditors whose claims are disputed. Creditors have the right to appeal within eight days after the receipt of the special chart, i.e. the day when the table is deposited in the bankruptcy file.

(3) Each creditor may dispute the claim of other creditor only if he files a separate complaint within the deadline from paragraph (2) of this article, where he should explain the legal interest for the complaint and to submit an original or document certified by notary document or other evidence that proves its claim. If he fails to act in this manner, he loses the right to dispute the claim of another creditor in the ongoing process, as well as the right to continue with the litigation procedure which he carried out before the opening of bankruptcy procedures.

(4) At the examination hearing the bankruptcy trustee shall decide on the objections in a manner that indicates which complaints are accepted and which are not accepted, indicating the reasons for accepting of the complaint or its refusal. The resulting changes are recorded in the chart of determined and disputed claims. Examination hearing will also be held in case there is no attendance by all the creditors who filed complaint.

(5) The bankruptcy judge, within three days after the conclusion of the examination hearing, shall adopt a decision stating the creditors with determined claims and the amount and creditors with disputed claim and the disputed amount. Appeal is not allowed against this decision.

(6) The form and content of the special chart (scheme) are prescribed by the minister of economy.

Special chart (scheme)

Article 90

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Initiating a court procedure

Article 91

(1) The creditors whose claim has been disputed by the bankruptcy trustee are entitled to initiate a court procedure for determining the disputed claim, within eight days as of the day of receiving the decision.

(2) The creditor who disputed another creditor's claim whose claim is recognized by the bankruptcy trustee is sent to initiate litigation. The creditor who is sent to the litigation is liable for the damage that may be caused by the litigation if the claim is rejected as unfounded. The creditor who disputes the claim shall be obliged together with the lawsuit to provide proof for securing damage compensation, at least in the amount of one fifth of the amount of the disputed claim. If it fails to provide evidence of security, together with the complaint, it is considered that the creditor has waived from disputing the claim. If the claim of the creditor is adopted in the litigation, the costs of the procedure shall be borne by the bankruptcy estate.

(3) If the disputed claim has been based on an enforcement document, the bankruptcy judge shall refer the bankruptcy trustee or the person disputing the claim to prove that the claim based on the enforcement document has ceased or no longer exists.

(4) If the creditor of the bankruptcy trustee fails to initiate the procedure within the period stipulated by this Law or by the court decision, it shall be considered that they have waived the right to conduct a Litigation Procedure. In such case it is considered that the disputed claim is recognized and the bankruptcy trustee is obliged to make amendments in the table referred in article 89 paragraph (1) of this law.

Continuing the litigation procedure

Article 92

(1) If on the day of opening of the bankruptcy procedure, a litigation procedure is pending regarding the claim reported in the bankruptcy procedure is already pending, and the bankruptcy trustee disputed the claim, the creditor or the person disputing the claim is obliged to submit proposal for continuing the litigation within the deadline stipulated in article 91 paragraph (1) of this law. The bankruptcy trustee shall take over the litigation procedure in the stage in which the litigation was at the moment of the opening of the bankruptcy procedure.

(2) The creditor who dispute the claim shall continue the procedure on behalf of, and for the account of the debtor.

(3) If the litigation referred in paragraph (1) of this article is not carried out in front of the court which opened the bankruptcy procedure, the court in front of which the litigation is carried out shall terminate the procedure, and upon the delivery of the proposal for continuing the litigation, shall adopts a decision declaring itself as incompetent and shall submit the case with all documents to the court that administers the bankruptcy procedure. Appeal is not allowed against this decision.

Value of the subject of dispute

Article 93

When a lawsuit for determining the claim which legal ground has been disputed by the bankruptcy trustee or by a creditor in the bankruptcy procedure is filed, the value of the subject of the dispute shall be determined according to the amount of the claim.

Conduct of the bankruptcy trustee in litigations

Article 93-a

(1) The disputes that are related to the determination of the disputed claims, as well as for refuting legal actions in the bankruptcy procedure, shall be judged by the bankruptcy judge who opened the bankruptcy procedure as individual judge or president of the council.

(2) The procedure referred to in paragraph (1) of this article is urgent and the cases must be taken into consideration no later than three days from the day of receipt of the complaint or the proposal for the continuing the litigation.

(3) The procedure referred to in paragraph (1) of this article shall be conducted according to the provisions of the civil procedure, whereas the deadline for submitting a response to a lawsuit is eight days, the hearing for the main hearing must be held no later than 15 days from the day the receipt of the response to the lawsuit and the procedure before the first instance court must be completed within 60 days from the day of lodging the complaint or the proposal for continuing the litigation. Against a judgment pronounced in the first instance, the deadline for filing an appeal is eight days from the date of submission of the transcript of the judgment.

(4) In the disputes referred to in paragraph (1) of this article, the second instance court shall be obliged to make a decision on the appeal lodged against the decision of the first instance court within 15 days from the day of the receipt of the appeal, i.e. within 30 days if hearing is held before the second instance court.

(5) In the disputes arising from the bankruptcy procedure, if permitted by law, against a final verdict adopted in the second instance, the parties may file a revision within 15 days from the date of delivery of the transcript of the judgment. The Supreme Court of the Republic of Macedonia shall adopt the decision upon the revision no later than 60 days from the day of receipt of the case.

Legal Effect of the decision on determining claims

Article 94

(1) The final decision on determining or rejecting the claim is binding on the bankruptcy trustee and all bankruptcy creditors.

(2) The party in whose favor the decision has been adopted shall deliver the decision to the bankruptcy judge and the bankruptcy trustee for the purpose of its entry into the table

(3) The creditors that have conducted a litigation procedure without participation of the bankruptcy trustee, may require compensation of **all of** their expenses from the bankruptcy estate, if the litigation procedure has led to an increase of the estate, in amount at least in the amount of the expenses.

Complaint for establishing a claim disputed by the debtor

Article 95

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CHAPTER TWO

DECISION ON THE MANNER OF DISPOSAL

Report on debtor's economic and financial status

Article 96

(1) The bankruptcy trustee on the first reporting assembly on which a report is submitted (reporting hearing), shall submit a report in a written on the debtor's economic- financial standing and the respective reasons thereof.

(2) The bankruptcy trustee shall deliver the report on the economic- financial standing to the bankruptcy judge, the board of creditors and shall deposit the report in the bankruptcy file for inspection of the bankruptcy creditors within 45 days of the day of receipt of the decision for opening a bankruptcy procedure. The bankruptcy trustee is obliged, within three days of the completed delivery, to publish a notice on the bulletin board in the court and in one daily newspaper that the report was deposited in the bankruptcy file. Upon a request of a creditor the bankruptcy trustee is obliged to submit a copy of the report.

Decision for further action

Article 97

(1) The first reporting assembly of creditors shall be held within 15 days as of the date of submission of the report referred to in article 96 of this Law.

(2) The creditors shall, on the session referred to in paragraph 1 of this article, decide whether the business venture of the debtor shall be closed or temporarily continued. If they decide that the business venture of the debtor should continue, the bankruptcy trustee shall simultaneously be obliged to prepare a plan for reorganization.

(3) The initiative for preparation of plan for reorganization or the proposal plan for reorganization may be submitted to the court by any bankruptcy and secured creditor within eight days prior to the session of the assembly of creditors.

(4) If the assembly of creditors did not accepted the initiative for preparation of the plan for reorganization or the proposal for plan for reorganization referred in paragraph (2) and (3) of this article, the bankruptcy judge shall adopt a decision on closing the business venture of the debtor and shall oblige

the board of creditors within eight days to decide on the manner of caging in the assets comprising the bankruptcy estate. If the assembly of creditors decides to close the business venture, the manner for conversion of the debtor's property into cash shall be determined simultaneously.

(5) Within three days after the conclusion of the session of the first meeting of creditors, the bankruptcy judge will adopt a decision to conclude that the decisions under article 50 paragraph (1) of this law have been adopted. Appeal is not allowed against this decision.

Manner and procedure for converting property from the bankruptcy estate into cash

Article 98

(1) If a decision on closing the business venture and cashing in the assets, property rights and the claims of the debtor that are included in the bankruptcy estate is adopted, the bankruptcy trustee, within three days after the decision is adopted, shall publish an announcement in at least one daily newspaper out of the three most widely circulated newspapers distributed throughout the whole territory of the Republic of Macedonia, and, if necessary, in a foreign newspaper, inviting the interested buyers to review the property and informing them on the manner of sale. The announcement is valid maximum of 15 days.

(2) The sale of the assets of the bankruptcy estate shall be conducted by electronic sale by public auction. Right to participate in the sale have participants who will pay a deposit or submit a bank guarantee amounting 10% of the value of the assets subject of sale.

(3) The first sale of the assets of the bankruptcy estate shall be published within three days after the deadline referred to in paragraph (1) of this article. The announcement is valid up to 15 days. In case of unsuccessful sale the same procedure is repeated up to two more times but the whole sale should be completed within 90 days from the date when the decision for selling the assets was adopted.

(4) The participants in the electronic sale can file a complaint against the decision for selling within a three days of its publication. The bankruptcy judge decides upon the complaint with a decision adopted within three days as of the day of the filing of the complaint. Appeal is not allowed against this decision.

(5) As an exception of paragraph (2) of this article, the bankruptcy trustee, based on the decision of the bankruptcy judge, prior deciding on cashing in the assets of the bankruptcy estate, may sell the assets of the bankruptcy estate in order to prevent damage. The next working day after the receipt of the elaborated proposal by the bankruptcy trustee, the bankruptcy judge adopts a decision for sale in which he determines the subject, manner and deadlines for the sale.

(6) The sale of the stocks that are part of the bankruptcy estate is done through the stock exchange in accordance with the law and the rules of the stock exchange. The shares that are part of the bankruptcy estate are sold under the provisions of the company law. If the persons with priority right for purchasing the share refuse to buy the share, it shall be sold in the manner provided in paragraph (2) of this article.

(7) The bankruptcy judge, the bankruptcy trustee, the proxies of the parties shall not be entitled, under any basis, to purchase the assets of the bankruptcy debtor, as well as their lineal relatives to any extent, and collateral relation up to fourth degree, relatives in law up to second degree, or a spouse of the bankruptcy judge or the bankruptcy trustee or their proxies.

(8) The manner of performing the electronic sale, as well the sale of assets part of the bankruptcy estate, for which harmful consequences can occur, is prescribed by the minister of economy.

Sale price

Article 99

(1) In cases where the sale is performed electronically, the sale is always performed without publishing the initial price.

(2) If during the electronic sale of the assets by collating written offers, a determined price is offered, upon proposal of the bankruptcy estate, within a period of three days, the bankruptcy judge shall convene assembly of creditors which should be held no later than 15 days of the day of its convening. The assembly of creditors shall adopt a decision whether the assets shall be sold under the achieved price.

(3) If the assembly of creditors did not adopt a decision, or the assembly has not been held, the decision on the sale shall be adopted by the bankruptcy judge in a period of three days of the day when the assembly was convened. Against this decision appeal is not allowed.

(4) If the assets comprising the bankruptcy estate cannot be sold upon three attempts in the manner determined in article 98 paragraph (2) of this law, the bankruptcy judge shall, within eight days, upon proposal of the bankruptcy trustee to adopt a decision for settling the creditors by distribution of assets, rights and claims that comprise the bankruptcy estate. Against this decision appeal is not allowed.

(5) If in the procedure for cashing in, the assets over which a pledge is established, the secured creditor is entitled to carry the procedure for realization of the pledge through another authorized body.

Decision for sale

Article 100

(1) The bankruptcy trustee shall notify the following day the bankruptcy judge on the performed electronic sale or on the decision for sale adopted by the assembly of creditors. The bankruptcy judge, based on the written notification, within three days, shall adopt a decision on the performed sale and shall oblige the purchaser to pay the amount of the achieved price in a period of eight days.

(2) Based on the notification from the bankruptcy trustee that the achieved price has been paid, the bankruptcy judge shall adopt a decision stating that the property has been sold.

(3) The decision of the bankruptcy judge referred to in paragraph (2) of this article shall represent the basis for the transfer of ownership and entry in the public records. A written purchase agreement is not made for the sale performed.

Transfer of property

Article 101

Deleted

Legal actions of special importance

Article 102

(1) The bankruptcy trustee is obliged to obtain prior consent from the board of creditors for legal actions of importance to the bankruptcy procedure. If a board of creditors has not been established, the bankruptcy trustee must

obtain prior consent for undertaking legal actions of importance for the Bankruptcy procedure from the Assembly of Creditors.

(2) The consent referred to in paragraph (1) of this article shall be particularly needed if:

1) Such legal action is a proposal for sale of the whole undertaking or part of the undertaking, of all existing stocks, of part of the immovable property, of the debtor's shares and stock in other undertakings if such stock and shares represent more than 10% of the core capital of other enterprises;

2) Such legal action is a proposal to enter into a loan contract that would significantly encumber the property comprising the bankruptcy estate, and

3) Such legal action is a proposal to initiate a lawsuit or to become involved into a court procedures, when such litigation is of significant value or proposal for non-initiation of such lawsuit, entering into negotiations for an out-of-court dispute resolution or settlement, or proposal to reject such a lawsuit.

Temporary prohibition of legal actions

Article 103

In all cases referred in article 102 of this Law, if the board of creditors or the assembly of creditors have provided prior consent, upon a request of the debtor, or upon a request of one fifth of the creditors and after hearing of the bankruptcy trustee, the bankruptcy judge may temporarily prohibit further conduct of the proposed legal action and convene the assembly of creditors in order to adopt a decision in respect to the undertaking of further legal actions.

Sale of the whole or a portion of the business below its value to persons with special interests

Article 104

(1) The debtor's business, or its part, may be sold only with prior permission of the assembly of creditors if the buyer or the person is the owner of at least one fifth of the capital of the debtor:

1) If belong to persons close to the debtor as defined by article 180 of this Law, or

2) If it is a creditor with right to a separate settlement or a creditor in the bankruptcy procedure with higher ranking claims, whose right to a separate

settlement or claims were estimated by the bankruptcy judge as a total of one fifth of the amount of all rights to separate settlement, or one fifth of the total amount of the claims of all creditors in the bankruptcy procedure with higher ranking claims.

(2) Within the terms of paragraph (1) of this article, it shall also be considered that the person possesses shares or parts of the buyer, if it has direct or indirect controlling influence.

(3) Upon a request of the debtor or one fifth of creditors specified in article 46, paragraph (1), item 3 of this Law, and after hearing of the bankruptcy trustee, the bankruptcy judge may decide to require prior consent of the assembly of creditors for the proposed sale of the whole or a part of the debtor's undertaking below its value, if the applicant submitting the request submits an appraisal prepared by an certified valuer, according to which the judge may determine that the sale to another buyer would be much more beneficial for the property that comprises the bankruptcy estate.

Trading claims

Article 105

(1) The claims may be subject to sale and purchase under the conditions stipulated in the Law on Obligations and this Law.

(2) The creditor which has sold the claim or the buyer that has purchased the claim shall inform the bankruptcy judge and the bankruptcy trustee on the sale of the claim and submit appropriate proof of the sale thereof.

(3) The bankruptcy judge, the bankruptcy trustee and the creditors may not challenge the sale referred in paragraph 2 of this article if the sale has been certified by a notary.

(4) The bankruptcy judge, the bankruptcy trustee and their proxies, as well their close persons are not entitled to purchase claims.

Validity of the conducted legal actions

Article 106

(1) Disposal of the debtor's assets contrary to the provisions of articles 102 through 105 of this Law shall not affect the validity of the legal actions undertaken by the bankruptcy trustee.

(2) The legal actions undertaken by the bankruptcy trustee on behalf of the bankruptcy debtor may be challenged in accordance with the general rules for challenging legal actions or legal matters outside the bankruptcy.

CHAPTER THREE

CASHING OF ASSETS OVER WHICH THE RIGHT TO A SEPARATE SETTLEMENT WAS ACQUIRED

Disposition of immovable

Article 107

(1) The bankruptcy trustee may propose to the bankruptcy judge a public sale of the immovable that represents a part of the assets that comprises the bankruptcy estate, in cases where a right to separate settlement has been acquired over that immovable, unless article 147 of this Law was applied. The provisions from article 98 through article 100 of this Law shall respectively apply on the procedure for sale.

(2) The bankruptcy judge shall specify in the decision on sale of the immovable that the immovable is sold in a bankruptcy procedure. A note of the decision on sale of the immovable shall be recorded in the public registers.

(3) If the creditor with a right to separate settlement has initiated an enforcement procedure for enforced settlement of his claim before the bankruptcy procedure has been opened, the immovable shall be sold in accordance with the enforcement procedure initiated by the creditor with a right to separate settlement.

(4) Once the assets or the right over which a right to a separate settlement exists, that is recorded in the public books have been cashed in, the competent enforcement agent shall first settle the costs for the enforcement and the rest of the funds shall be added to the bankruptcy account.

(5) From the received funds referred in paragraph (4) of this article, the bankruptcy trustee shall, first settle the claims of creditors with a right to a separate settlement according to the order stipulated by the rules of the enforcement procedure.

Disposition of movables

Article 108

The bankruptcy trustee may, without limitations, dispose with movables over which the debtor has acquired the right to separate settlement, if the respective movables is in his possession.

Notification of the creditor

Article 109

(1) When the bankruptcy trustee is authorized to dispose with movables, upon a request made by the secured creditor, the administrator shall inform the creditor on the condition of the movables over which there is a right to a separate settlement. Instead informing him, the bankruptcy trustee may allow the secured creditor to inspect the movables himself.

(2) When the bankruptcy trustee is authorized to collect payments and in another way to dispose with the debtor's claims, upon a request made by the secured creditor, he shall inform him of the respective claim. Instead informing him, the bankruptcy trustee may allow the secured creditor to inspect the commercial books and other debtor's business documents.

Notification of proposed sale

Article 110

(1) Prior selling the assets referred in article 108 of this Law to a third party, the bankruptcy trustee shall inform the creditor with the right to separate settlement about the manner he is planning to conduct the sale. The bankruptcy trustee shall give an opportunity to the creditor to propose another and more favorable manner of sale of the object within a period of eight days.

(2) If the creditor delivers the requested information by which he proposes some other more favorable manner of sale within eight days before the sale, the bankruptcy trustee shall accept the proposal for the favorable sale if the creditor submits a binding offer (contract, guarantee, or other security) for purchasing the pledged property.

(3) The more favorable opportunity referred to in paragraph (2) of this article may also be a handing over the object to the creditor.

Protection of the creditor against delay of the sale

Article 111

When on the basis of article 58 of this Law, the bankruptcy judge has adopted a decision prohibiting a creditor from disposing the object until the opening of the bankruptcy procedure, interest shall be paid to the creditor up to ninety days after adopting the decision for opening the bankruptcy procedure. The provisions of this article shall not apply when there is a likelihood that,

considering the amount of the secured creditor's right, the value of the object over which the secured right is established and eventual rights that encumber that object, will be insufficient for settling the claims of the secured creditor in full.

Distribution of the income

Article 112

(1) If the bankruptcy judge adopted a decision whereby he prohibited the creditor to dispose with the object over which he has a right to separate settlement until the opening of the bankruptcy procedure, and the bankruptcy trustee has disposed with the object, the costs incurred by the disposition of the object shall be settled from the bankruptcy estate, and in advance and by using the funds collected with the disposition. After these expenses have been settled, without delay, the rest of the funds shall be used for settling the creditor with the right to separate settlement.

(2) If the object referred to in article 110 paragraph (3) of this Law was transferred by the bankruptcy trustee to the creditor for disposing with it, the creditor shall be obliged to make a payment of the amounts sufficient to settle the expenses of establishing the claim and for payment of transfer taxes from article 113 paragraph (2) of this Law to the bankruptcy estate in advance, by using the funds collected through the disposition.

Calculation of the expenses

Article 113

(1) The expenses for disposition with the object shall be established as an agreed lump sum, which is five percent of the funds. When the real necessary expenses for disposition of the object are much smaller or much higher than the agreed lump sum, these necessary expenses shall be taken as a basis.

(2) When the disposition of the object is subject to taxes prescribed by law and when the tax is charged to the account of the bankruptcy estate, the amount needed for the collection of the tax shall be added to the agreed lump sum or to the amount of the real necessary expenses.

Other use of the movables

Article 114

(1) If the bankruptcy trustee, in accordance with article 109 of this Law is authorized to dispose with the movables, he shall be obliged to use it in relation with the assets comprising the bankruptcy estate, to transform and merge the object with other objects as long as that does not threaten the collateral of the creditor with a right to separate settlement and within the frame of the approval for disposal of the movables.

(2) If the creditor agrees the collateral over a moveable object to be transferred to another object, the transfer of the new collateral may be carried out up to the value of the previous collateral.

Disposition by the Creditor

Article 115

(1) If the bankruptcy trustee is not authorized to dispose with the movables or the claims, which are subject to the right of separate settlement, the right for disposal with such objects or claims belongs to the secured creditor.

(2) Upon a request made by the bankruptcy trustee, and after hearing the creditor, the bankruptcy judge shall determine a time period in which the creditor must dispose with the object. After that time period has elapsed, the bankruptcy trustee shall be authorized to dispose with that object or claim.

CHAPTER FOUR

BANKRUPTCY CREDITORS

Ranking of the bankruptcy creditors

Article 116

- (1) The claims of bankruptcy creditors are categorized in higher and lower payment orders.
- (2) The claims of the creditors of the lower payment order may only be settled after the creditors of the previous (higher) payment order have been fully settled. The bankruptcy creditors of the same payment order are settled in proportion to the size of their claims.

Claims of higher payment rank

Article 117

Claims of higher payment rank shall be comprised of the unpaid salaries and social security contributions for the last three months prior the opening of the bankruptcy procedure, compensations for injuries that the employee suffered while working for the debtor, as well as for occupational diseases, and unpaid salary compensations for the annual vacation which was not used in the respective calendar year.

Claims of lower payment ranks

Article 118

- (1) Claims of lower payment ranks are settled in the following order:
 - 1) Interest on the claims of the bankruptcy creditors that are due as of the date of opening of the bankruptcy procedure;
 - 2) Costs of certain creditors that could incur as a result of the creditors' participation in the procedures;
 - 3) Fines for criminal acts or misdemeanors, as secondary consequences from criminal acts or misdemeanors that impose the payment of fines;
 - 4) Claims for debtor's services, provided free of charge, and
 - 5) Claims for return of a loan with which capital is indemnified, by some partners with unlimited liability or similar claims.
- (2) Interest on the claims of the bankruptcy creditors of a lower payment rank, as well as costs that those creditors have incurred in the course of the procedure shall be of the same rank as their claims.

Immature claims

Article 119

(1) Claims that are not matured shall become payable as of the day when the bankruptcy procedure is opened.

(2) If no interest has been paid for the claims referred to in paragraph (1) of this article, it shall be deemed as if legal interest had been paid for these claims and they shall be reduced for the amount that would correspond to the total amount of the claim, after the legal interest for the period from the opening of the bankruptcy procedure until the claims became due has been calculated.

Claims that are subject to rescindable or deferred term

Article 120

(1) In the bankruptcy procedure, claims subject to a rescindable term shall be considered as claims that are not subject to a rescindable term, if the creditor provides collateral and proves that he will return what he has received from the assets that comprise the bankruptcy estate when the rescindable term occurs.

(2) Adequate funds from the bankruptcy estate shall be set aside for settling the claim of the Creditor whose claim is related to a deferred term. If the deferred term does not occur until the final distribution of the property, the claim shall expire and the provided funds will be distributed to other creditors.

Liability of several persons

Article 121

A creditor holding several persons liable for fulfillment of the same service may request in the bankruptcy procedure, from each debtor a full settlement of the amount that he had claimed at the time of the opening of the bankruptcy procedure.

Rights to jointly and solidary liable co-debtors and guarantors

Article 122

(1) Jointly and solidary liable co-debtors and guarantors of the debtor may report their claim against the debtor, which they shall acquire in the future,

on the basis of the right to recourse only if the relevant creditor has not report his claim.

(2) Jointly and solidary liable co-debtors and guarantors of the debtor may, as bankruptcy creditors, demand the return of what they have paid for the debtor prior or after the day of the opening of the bankruptcy procedure, if they have a right to recourse.

(3) Jointly and solidary liable co-debtors and guarantors may also request to be provided with the amount that they will pay on behalf of the debtor. This amount is proportional to the amount that they would have received as bankruptcy creditors.

(4) The provision of paragraph (3) of this article shall also apply to bank's requests and requests of other persons to secure the means for payment of potential claims on the basis of bank guarantees and irrevocable letters of credit which will be paid on behalf of the debtor.

Calculation of claims

Article 123

(1) Non-monetary claims are reported in the value that may be evaluated at the moment of opening of the bankruptcy procedure. The identified claims shall be filed in the amount they had prior to the opening of the bankruptcy procedure.

2) Claims expressed in foreign currency or accounting units shall be calculated in the national currency according to the average currency rate on the day of the opening of the bankruptcy procedure, at the place designated for payment.

Periodical Payments

Article 124

Claims that involve periodical payments with a defined amount and duration shall be filed in the amount that is obtained by adding up all future periodic payments reduced by the interests referred to in article 119 of this Law.

CHAPTER FIVE

CREDITORS WITH TITLE OVER PROPERTY

Title over property

Article 125

(1) A person shall not be considered a bankruptcy creditor if, on the basis of a real or a personal right, can prove that a certain object does not belong to the bankruptcy estate. His right of separation of the object shall be determined according to the rules that are valid for exercising these rights outside the bankruptcy procedure.

(2) The right of separation, referred to in paragraph (1) of this article, shall be determined for shares, securities, except for excises as well as for the other financial collaterals.

(3) If the right of the person referred to in paragraph (1) of this Law is registered in a public register, the bankruptcy trustee must prove that the object on which that right is referred to belongs to the bankruptcy estate.

(4) A vendor who has not been fully paid with the selling price, may claim his goods back, that have been sent to the debtor from another place prior to the day of the opening of the bankruptcy procedure, but it has not reached its destination by the day of opening of the procedure or if up until that day the debtor did not take over the goods (right to investigate – search).

(5) A Committee for purchase of goods also has a right to investigate - search.

(6) If the debtor has taken in possession the goods that have reached the destination only to store them before the day of the opening of the bankruptcy procedure, a vendor has right for return, but has also a right to exercise his rights in respect of the goods as a creditor with rights to separate settlement.

Agricultural land in state ownership

Article 126

(1) For agricultural land in state ownership that has been used by the bankruptcy debtor, which in the State Cadastre has been registered as a land in ownership of Republic of Macedonia, the bankruptcy judge shall adopt a decision to terminate the right of usage granted to the bankruptcy debtor, and return the land in possession of the Government of the Republic of Macedonia, within 8 days from the day when the decision for opening the

bankruptcy procedure has become final, unless there are permanent investments (crops, facilities, irrigation systems, and other infrastructure).

(2) In case when on the land in state ownership has permanent investments (crops, facilities, irrigation systems, and other infrastructure) after determination of the value of permanent investments that comprise the bankruptcy estate, if they are sold, or purchased, the buyer shall be obliged, within 3 months from the date of the sale to conclude an agreement with the state body, responsible for agricultural, forestry and water supply systems for the purpose of regulating any further use of the agricultural land. The new user of agricultural land shall be obliged to pay the appraised value of the permanent investments to the bankruptcy debtor.

(3) If there are permanent investment on the land referred to in paragraph (1) of this article, and represent bankruptcy estate of the debtor and they have been cashed, the buyer is bound following the effective decision adopted by the bankruptcy judge, to conclude an agreement with the relevant ministry for further use of the agricultural land.

(4) In case where the bankruptcy procedure has been opened, and the decision from paragraph (1) of this article has not been adopted, the court shall adopt a decision within 30 days, but not later than the conclusion of the bankruptcy procedure.

(5) If a plan for reorganization of the debtor has been adopted, the right for utilization of the state-owned agricultural land, together with the permanent investments pertaining referred in paragraph (1) of this article, shall be transferred to the person determined with the adopted plan for reorganization and that person shall be obliged within two months from the date of accepting the plan for reorganization, to conclude a lease contract for future use of the agricultural land, with the minister that governs the state administration body competent for the area of agriculture, forestry and water supply.

Reimbursement for the title over property

Article 127

(1) If, prior the opening of the bankruptcy procedure, the debtor has alienated the object whose separation of the bankruptcy estate could have been requested, the creditor with rights to separate settlement can request the right to counteraction to be transferred to him, if such counteraction has not been

given yet. He can ask for a counteraction from the bankruptcy estate if it can still be separated from that estate. The creditor can also request compensation for damages incurred from the unauthorized alienation as a bankruptcy creditor, if the debtor has alienated the object before the bankruptcy procedure was opened, or as a creditor of the bankruptcy estate if the interim bankruptcy trustee alienated the object after the bankruptcy procedure was initiated, or if the bankruptcy trustee did the same after the bankruptcy procedure was opened.

(2) If the conditions referred in paragraph (1) of this article are not fulfilled, the creditor with a property title right may claim compensation as bankruptcy creditor for the damage suffered, if the object was alienated without authorization before the bankruptcy procedure was opened.

CHAPTER SIX

SECURED CREDITORS

Right to separate settlement of objects and rights registered in the public registers

Article 128

- (1) The creditors having right to pledge or right to settlement over some object, or rights that are registered in the public registers (State Geodesic Office, the Central Register, in other relevant registers and the like) have the right to a separate settlement of that object or right to, according to law.
- (2) The right referred in paragraph (1) of this article is evened the right of settlement of shares, stocks, other securities and financial collateral is equalized.

Right to settlement of financial collateral arrangements

Article 129

- (1) The financial collateral arrangement and the rights attached thereto, shall have a legal effect (shall remain in force) after the bankruptcy procedure has been opened or the plan for reorganization is implemented.
- (2) Rights acquired on the basis of the contract for financial collateral or any other financial collateral arrangement shall have a legal effect or shall remain in force with regards to the security that it is not yet due with the opening of the bankruptcy procedure or enforcement of the plan for reorganization.
- (3) The netting arrangement shall have a legal effect, or shall remain in force even when the bankruptcy procedure was opened or the enforcement of the plan for reorganization has begun, or when the collateral beneficiary, grants, encumbers, or in any other way disposes with the secured claim.
- (4) Any agreed financial collateral arrangement, concluded or implemented on the day of opening the bankruptcy procedure, or on the day when the proposal for implementing the plan for reorganization is submitted, have legal effect and cannot be challenged if the same was agreed prior the adoption of the decision for opening of the bankruptcy procedure, or prior the adoption of the proposal for the plan for reorganization.

(5) Any financial collateral arrangement, concluded, or implemented following the opening of the bankruptcy procedure or following the adoption of the plan for reorganization, shall have a legal effect, and shall not be challenged, provided that the collateral beneficiary proves that when the financial collateral arrangement was signed or during the time when it was approved, the collateral beneficiary did not know and could have not known about these procedures.

(6) The obligation to transfer an additional financial collateral arrangement in case of reduction of the financial collateral or for increasing the secured, as well as the existence of a provision establishing existence of substitution of the financial collateral, have legal effect and shall not be challenged if the obligation occurred on the day when the proposal for opening of the bankruptcy procedure, or on the day of proposal for implementation of the plan for reorganization, but prior the opening of the bankruptcy procedure, not taking into account that the secured claim is due.

(7) In the other cases, the provisions pertaining to paragraphs (1) to (7) of this article do not exclude the application of the provisions from this Law with regard to challenging legal actions in bankruptcy.

Right to a separate settlement of other pledges

Article 130

(1) The creditors who have a right to pledge over some object of the bankruptcy estate, which is not registered in the public registers, pursuant to this Law, have a right to a separate settlement of their claim, interests and of the expenses from the value of the pledged object.

(2) After the opening of the bankruptcy procedure, the lessor of the real estate can make a claim for amounts not paid under the lease, limited to amounts not paid for three months prior to the opening of the bankruptcy procedure. He does not have a right to make a claim for compensation of damage arising from a premature termination of the lease contract by the bankruptcy trustee. The limitations stated with respect to the period to which any claim of the unpaid lease must refer, and in relation to any claim for compensation of damage as a result of premature termination of the lease contract by the bankruptcy trustee will not apply to the lessor, if the object of the lease contract is agricultural land.

Other secured creditors

Article 131

With the creditors referred in article 132 of this Law, the following creditors are treated equally:

- 1) Creditors to whom the debtor has handed over some movables or transferred some right to secure their claims;
- 2) Creditors who have a right of retention of some object, since they have used something for the benefit of that object, to an extent to which their claim on that grounds does not exceed the existing benefit;
- 3) Creditors who have the right to retention according to law;
- 4) The Republic of Macedonia or some public legal entity authorized by the state, if the object for which there is an obligation for payment of customs or taxes by law serves as a security for the public fees.

Creditors with a right to separate settlement as bankruptcy creditors

Article 132

Creditors with a right to separate settlement can continue to exercise their rights in the same manner as other bankruptcy creditors, only if they waive from their right to enforce their claim through separate settlement, or if they fail to be separately settled until the main distribution of the bankruptcy estate.

CHAPTER SEVEN

CREDITORS OF THE BANKRUPTCY ESTATE

Obligations of the bankruptcy estate

Article 133

- (1) The expenses of the bankruptcy procedure and other obligations of the bankruptcy estate are settled first from the bankruptcy estate.
- (2) The costs of the bankruptcy procedure are settled before all other obligations of the bankruptcy estate, proportionately to their amount.
- (3) The remaining obligations of the bankruptcy estate are settled proportionately to their amount, after the claims of the new creditors -lender – who became creditors after the bankruptcy procedure was opened, are paid.

Expenses of the bankruptcy proceeding

Article 134

- (1) The expenses of the bankruptcy procedure are:
 - 1) Court expenses of the bankruptcy procedure;
 - 2) Rewards and reimbursement of the expenses of the interim bankruptcy trustee, of the bankruptcy trustee, and of the members of the board of creditors;
 - 3) Expenses for utilities and technical maintenance of the property of the bankruptcy debtor;
 - 4) Other expenses that this Law prescribes to be settled as expenses of the Bankruptcy procedure.
 - 5) Costs incurred by the entry in the public registers
- (2) If the bankruptcy trustee considers that it is in the best interest of the creditors for the debtor to proceed operating in order to avoid possible damages that might arise due to the termination of operation, and he obtains relevant approval by the bankruptcy judge, he can take unsecured credit and produce unsecured debt as an expense of the bankruptcy procedure. Before giving the approval, the bankruptcy judge is obliged to get consent from the board of creditors, if such consent is justified.
- (3) If the bankruptcy trustee cannot take an unsecured credit, then the bankruptcy **judge**, after obtaining a prior approval by the assembly of creditors adopted in the same manner as the plan for reorganization, can

adopt a decision to approve the taking of secured credit by the bankruptcy trustee as an expense of the bankruptcy procedure by: pledging the property that is part of the bankruptcy estate which is not currently pledged, and with lower priority pledge right to pledge a property that is part of the bankruptcy estate which has already been pledged.

Other obligations of the bankruptcy estate

Article 135

(1) The other obligations of the bankruptcy estate include the following:

- 1) Obligations incurred as a result of activities undertaken by the bankruptcy trustee or in another way by administering, converting into cash and division of the bankruptcy estate, which are not otherwise included as expenses of the bankruptcy procedure;
- 2) Claims of attorneys for rendered services in the course of the last six months according to the Lawyer's Tariff prior the opening of the bankruptcy procedure in respect to the protection and execution of the rights of the debtors that comprise the bankruptcy estate;
- 3) Obligations arising from bilateral onerous contracts, provided that they should be fulfilled from the bankruptcy estate, or they must be fulfilled upon opening of the bankruptcy procedure;
- 4) Obligations on the basis of unjustified enrichment of the estate or acquisition without foundation, and
- 5) Obligations on the basis of employment contracts of the employees at the Bankruptcy debtor after the opening of the bankruptcy procedure.

PART FIVE

LEGAL CONSEQUENCES ARISING FROM THE OPENING OF BANKRUPTCY PROCEDURE

CHAPTER ONE

FOUNDED LEGAL CONSEQUENCES

Day of the beginning of legal consequences

Article 136

(1) The legal consequences from the opening of a bankruptcy procedure occur on the day following the day when the announcement for opening of the bankruptcy procedure is placed on the bulletin board.

(2) If the decision for opening of the bankruptcy procedure has been revoked due to an appeal, and in a renewed procedure the bankruptcy procedure is reopened, it will be considered that the legal consequences from the opening of the bankruptcy procedure have occurred on the day when the first decision for opening of the bankruptcy procedure was placed on the bulletin board.

(3) As of the day of opening the bankruptcy procedure, the interest on the unsecured claims shall not be calculated.

(4) The interest rate on secured claims shall be calculated only if agreed, but only up to the value of the property that is used as collateral for the claims.

(5) If after the settlement of all claims there are still disposable assets for settlement, the bankruptcy judge may allow calculating and payment of interests accrued after the day of submitting the proposal for opening the bankruptcy procedure.

(6) The interest from paragraph (4) and (5) of this Article shall be calculated according to law, unless otherwise agreed.

Transfer of debtor's rights to bankruptcy trustee

Article 137

Upon the opening of the bankruptcy procedure, the rights of the members of the management bodies, administrator or director or other management body, proxies and representatives as well as supervisory bodies, shall be terminated. Rights of the members of the management bodies, administrator or director or other management body, proxies and representatives regarding the disposal of the property of the bankruptcy debtor and other rights shall be transferred to the bankruptcy trustee in a manner and to the extent according to the conditions stipulated by this Law.

Prohibition on alienating or encumbering

Article 138

(1) The prohibition on alienating or encumbering the debtor's property prescribed with the provisions of other laws only for the protection of the interests of certain parties is ineffective in the bankruptcy procedure.

(2) The provision from paragraph (1) of this article does not refer to the prohibition on alienating and encumbering of the debtor's property in relation to the enforcement procedure or collateral.

Disposition with the debtor's property

Article 139

(1) The disposition with the property that comprises the bankruptcy estate by previous representatives of the debtor - legal entity, or of the debtor - individual has no legal effect after the legal consequences from the opening of the bankruptcy procedure came into force.

(2) Upon request of the other party, the latter's counteraction from the bankruptcy estate shall be returned, provided that the value of the bankruptcy estate has been increased with such counteraction.

(3) If the previous representatives of the debtor-legal entity or the debtor-natural person dispose with an asset of the bankruptcy estate contrary to paragraph (1) of this article, they shall be held liable with their own property for the undertaken liabilities.

Fulfillment for the benefit of the debtor

Article 140

If, after the opening of a bankruptcy procedure, a certain party directly fulfils an obligation to the representative of the debtor – legal entity or the debtor - individual prior to the day of placing the public announcement for the opening of the bankruptcy procedure, despite that the obligation was to be settled for the benefit of the bankruptcy estate, he is released from his obligation if he proves that at the time of the fulfillment he did not know that bankruptcy procedure had been opened.

Inheritance

Article 141

(1) If before the opening of the bankruptcy procedure, or in the course of the bankruptcy procedure, the debtor has inherited property or has received a legacy, only he has the right to accept or to renounce the inheritance or the legacy. Also, only the debtor has a right to request or to renounce parts of the inheritance for which he can request a partition based on residing in the same household or running a joint business with the testator.

(2) When the debtor as an heir can be replaced by some other person, the bankruptcy trustee shall not dispose with the objects that constitute a part of the inherited property, if in accordance with the regulations that regulate the inheritance this transfer would not be valid in case the respective heir succeeds in his legal inheritance request.

Division of the property of the legal community

Article 142

(1) If the debtor is in a co-ownership or some other legal community or partnership with a third party, the division of the property will be done outside of the bankruptcy procedure. For the obligations arising from such relationships, a separate settlement of the share of the debtor can be requested.

(2) In the bankruptcy procedure, the provisions of the contract by which in the “legal communities” from paragraph (1) of this article, the right to termination is permanently or temporarily excluded, or by which a special severance deadline is determined, are ineffective. The same applies to the provisions of the will on which such community is based, as well as for a respective agreement of the co-heirs.

Taking over lawsuits

Article 143

(1) The bankruptcy trustee will take over any lawsuits for the property that comprises the bankruptcy estate that have been initiated prior to the opening of the bankruptcy procedure on behalf of and at the expense of the debtor.

(2) If, immediately after the resuming of a lawsuit that was interrupted, the bankruptcy trustee recognizes or waives the claim, the opposing party can claim the expenses from the lawsuit procedures only as a bankruptcy

creditor. Otherwise, the expenses of the lawsuit will be settled as debts of the bankruptcy estate.

Claims of the bankruptcy creditors

Article 144

The bankruptcy creditors can collect their claims against the debtor only within the bankruptcy procedure.

Cessation of the rights acquired through execution or securing

Article 145

If a bankruptcy creditor acquires a secured right or similar right over the property of the debtor that comprises the bankruptcy estate 90 days prior to the submission of the proposal for opening of the bankruptcy procedure, or subsequently afterwards, with a court enforcement or with collateral, that right ceases to be valid with the opening of the bankruptcy procedure.

Prohibition of execution and securing

Article 146

(1) After the opening of the bankruptcy procedure, the bankruptcy creditors cannot request securing of the claims or execution of parts of the estate that comprises the bankruptcy estate, nor of other property of the debtor.

(2) In the course of the bankruptcy procedure the creditors who are not bankruptcy creditors are not authorized to request a forced enforcement or securing of future claims of the debtor – individual on the basis of an employment contract, or other similar legal actions, except for a forced enforcement or securing of a claim for alimony, or of other claims that can be settled from the part of the debtor's income from employment from which the claims of the other creditors cannot be settled.

(3) The procedures for enforcement and securing of paragraph (1) and (2) of this article that are conducted at the time of the opening of bankruptcy procedure shall be cancelled.

(4) For exercising their rights, after the opening of the bankruptcy procedure, the creditors with title over property and the secured creditors can initiate enforcement procedures and procedures for securing their claims, in accordance with the general rules of the enforcement procedures and the procedures for securing their claims. The suspended enforcement procedures

and procedures for securing their claims that those creditors have initiated before the opening of the bankruptcy procedure, will be resumed and carried out in accordance with the regulations on enforcement and securing.

Decision of the bankruptcy judge for termination of the enforcement procedure

Article 147

(1) Upon a request made by the secured creditor or a bankruptcy trustee, the bankruptcy judge may adopt a decision to halt the enforcement procedure, according to article 146 paragraph (4) of this law, if proper protection of the secured creditor's claim is provided. A proper protection of the secured claim means protection made by a court decision under which the value of the collateral pledged to the secured creditor is higher than the value of the creditors' claims, so the possibility for the creditor to receive its claims and to suffer damages during the procedure in any case shall not be reduced.

(2) With the protection referred in paragraph (1) of this article, the secured creditor shall be provided with:

- 1) Appropriate compensation by means of cash payments equal to the decrease in the value of the pledged property or
- 2) Appropriate compensation or additional securing with possession of the part of property, or
- 3) Guaranty for the accumulated interest, in a manner in which the value of the guaranty at the moment of submission of the request shall secure the claim.

(3) When a secured creditor's secured claim has been settled by a creditor or by another person under the obligation assumed by the bankruptcy plan, the secured creditors' right to seek the enforcement of his secured claim shall terminate. Fulfillment of the obligation shall be stipulated with the court decision made by the bankruptcy judge who shall be considered as a legal ground to delete the encumbrance of the assets of the bankruptcy estate from the public registers.

Prohibition of enforcement due to collection of the claims against the bankruptcy estate

Article 148

(1) Forced enforcement for settling the claims that represent liabilities of the bankruptcy estate in the bankruptcy procedure shall not be allowed in the first 6 months following the opening of the bankruptcy procedure, except in the cases when a claim stems from the legal actions undertaken by the bankruptcy trustee.

(2) The provision from paragraph (1) of this article does not apply to:

- 1) Liabilities of the bankruptcy estate with bilateral contracts that the bankruptcy trustee has decided to fulfill;
- 2) Liabilities of a permanent obligation relation in the period following the first term in which the bankruptcy trustee could have cancelled the contract, and
- 3) Liabilities of a permanent obligation relation if the bankruptcy trustee has received compensation for the benefit of the bankruptcy estate.

Exclusion of other forms of legal acquisition

Article 149

(1) After the opening of the bankruptcy procedure, rights to the part of the estate that comprises the bankruptcy estate cannot be validly acquired even when that acquisition is not based on a disposition of the debtor or of compulsory enforcement or securing for the benefit of the bankruptcy creditor.

(2) The provision from paragraph (1) of this article does not refer to cases where the acquisition is made on the basis of a disposition by the bankruptcy trustee, a court sale, issues of the creditors with title over property that comprises the bankruptcy estate, or secured creditors in accordance with this Law, as well as to the cases of acquisition cases of acquiring trust in the public registers.

General damage

Article 150

Requests for compensation of damage suffered jointly by the bankruptcy creditors as a result of the reduction of the property that comprises the bankruptcy estate before or after the opening of the bankruptcy procedure

(general damage), can be made only by the bankruptcy trustee in the course of the bankruptcy procedure. If a request for damage compensation is made against the bankruptcy trustee, such requests can be pursued only by a newly appointed bankruptcy trustee.

Personal responsibility of partners with unlimited liability

Article 151

If the bankruptcy procedure is opened over the property of a legal entity having partners or members with unlimited liability, the personal unlimited liability of these partners or members for the obligations of the entity can be requested only by the bankruptcy trustee in the course of the bankruptcy procedure.

Retaining the right to netting

Article 152

If at the time of opening the bankruptcy procedure, a bankruptcy creditor had a right to netting based on law or a contract, the opening of the bankruptcy procedure shall not affect that right.

Acquisition of the right to netting during the bankruptcy procedure

Article 153

(1) If at the time of the opening of a bankruptcy procedure, the claims or one of the claims that should be netted, are still under a deferred term or have not yet become due, or the claims do not derive from homogenous activities, the netting shall be performed after the required conditions are met. In such cases the provisions of articles 119 and 123 of this Law will not be applied. The netting is excluded if the claim with which the netting should be effectuated has become unconditional and due before the netting becomes possible.

(2) The netting of claims in different currencies or different accounting units is allowed. The calculation is done according to the exchange rate that is valid in the place of payment at the time of the receipt of the statement for netting.

Illicit netting

Article 154

Netting is not allowed:

- 1) If the bankruptcy creditor has become a guarantor for the benefit of the bankruptcy estate after the opening of the bankruptcy procedure;
- 2) If the bankruptcy creditor has acquired his claim from another creditor after the opening of the bankruptcy procedure;
- 3) If the bankruptcy creditor has acquired the claim by means of cession within the year preceding the opening of the bankruptcy procedure and he knew or must have known that the debtor was insolvent, or that a proposal for opening a bankruptcy procedure had been filed against him. Exclusive netting will be allowed if the claim in question which is ceded in respect to the fulfillment of unfulfilled contracts, or for a claim that has been revived with the successful challenging of the debtor's legal action;
- 4) If the bankruptcy creditor has acquired the ability for compensation with a legal effect than can be challenged;
- 5) If the creditor owes the claim that should be settled from the debtor-individual's property that does not comprise the bankruptcy estate and the debtor owes to the bankruptcy estate.

Prohibition on receiving postal shipments

Article 155

(1) In order to reveal or to prevent legal actions undertaken by the debtor to the detriment of the creditors, the bankruptcy judge, upon a request made by the bankruptcy trustee or ex-officio, will make a decision and order some or all of the debtor's postal shipments to be delivered to the bankruptcy trustee. The bankruptcy judge will adopt this decision after hearing of the debtor, unless due to some special circumstances of the case, such hearing might threaten the aim of adopting such a decision. If the debtor has not been heard, upon creditor's request, the bankruptcy judge is obliged to explain the reasons for his actions, and hold a hearing for the debtor as soon as the reasons for not holding the hearing cease to exist.

(2) The bankruptcy trustee has the right to open the shipments that are delivered to him, and he is obliged to send the shipments that are not in relation to the bankruptcy estate to the bankruptcy judge without delay. The bankruptcy judge has a right to inspect the other shipments.

(3) The debtor has the right to a separate appeal against the decision that prohibits receiving of postal shipments. After the bankruptcy trustee or a creditor has been heard, the bankruptcy judge may cancel the prohibition with a decision, if the prohibition is no longer necessary.

Alimony from the bankruptcy estate

Article 156

(1) The assembly of creditors decides whether, and to what extent, the debtor-individual and his family will receive alimony from the bankruptcy estate.

(2) Until the assembly of creditors reaches a decision, the bankruptcy trustee may, with the consent of the board of creditors or the bankruptcy judge if a board of creditors has not yet been established, determine the necessary alimony for the debtor. In the same way, the support is also guaranteed to the persons he is obliged to support by law.

(3) Provisions referred in this article shall respectively apply to personally liable shareholders of the debtor with the right to represent it.

CHAPTER TWO

FULFILLMENT OF THE LEGAL ACTIONS

Right of the bankruptcy trustee to choose

Article 157

(1) If, on the date of the opening of the bankruptcy procedure, the debtor or his co-contractual partner did not completely fulfill some bilateral onerous contract, the bankruptcy trustee can fulfill the contract on behalf of the debtor and request fulfillment from the other contractual party.

(2) If the bankruptcy trustee declines to fulfill the contract, the other contractual party can submit a claim arising from the non-fulfillment only as a bankruptcy creditor. If the other contractual party is required to fulfill the contract first, and if it calls the bankruptcy trustee to declare himself about his right to choose, the bankruptcy trustee is obliged to inform the other contractual party by registered posts whether he intends to request fulfillment of the contract within eight days. If he fails to do so, the bankruptcy trustee cannot request fulfillment.

Fixed contracts and term contracts

Article 158

(1) If the delivery of goods that has market or stock-exchange price is agreed for a fixed period of time or in a fixed deadline, and that period or expiry of the deadline comes after the opening of a bankruptcy procedure, the other contractual party cannot request fulfillment, but only reimbursement due to the non-fulfillment of the fixed contracts.

(2) If for the financial fulfillment that has market or stock-exchange value, a time period or a deadline is determined, and that time period or expiry of deadline comes after the opening of the bankruptcy procedure, the other contractual party cannot request fulfillment, but only compensation due to the non-fulfillment of the fixed contracts.

(3) Financial fulfillment of paragraph (2) of this article especially includes:

- 1) The delivery of precious metals;
- 2) Transfer of securities or similar rights, if the acquisition of shares in an enterprise is not done with the intention of establishing a permanent relation with that enterprise;

- 3) Cash payments that are effected in foreign currency or in some accounting unit;
 - 4) Cash payments whose amounts are directly or indirectly determined by the exchange rate of the foreign currency or the accounting unit, by an interest rate of the claim, or by the price of other goods or services;
 - 5) Options and other rights of delivery or financial transactions, within the meaning of the provisions of article (1) to (4) of this paragraph.
- (4) If the terms regarding the financial fulfillment are encompassed with one framework agreement which provides that in the case of breach of the contractual provisions the agreement can be cancelled only in full, all those terms will be considered as one bilateral onerous contract within the meaning of the provision of article 157 and paragraph (1) and (2) of this Law.
- (5) The compensation as a result of non-fulfillment of the obligations stated in this article consists of the difference between the agreed price and the market or stock-exchange price, which is valid for the second working day after the opening of the bankruptcy procedure in the place of fulfillment of the contracts with an agreed time period of fulfillment . The other party can collect its claim only as a bankruptcy creditor.

Divisible activities (services)

Article 159

If the activity which is owed is divisible and if the other party has partially performed its activity (service) at the time of the opening of the bankruptcy procedure, the other party shall collect its right to counteraction which is appropriate to its partially fulfilled action as Bankruptcy Creditor, even if the bankruptcy trustee requires fulfillment of the rest of the activity (service). The other party has no right as a result to the non-fulfillment of the counteraction of the bankruptcy estate to demand a return of what was partially fulfilled of its activity (service) before the opening of the bankruptcy procedure that had become the property of the debtor.

Note for securing

Article 160

(1) If the public registers contains a note for securing the claim for acquisition or termination of the rights over some of the debtor's real estate or some right registered for the benefit of the debtor or for securing the request for change of the contents or of the ranking of that right, the creditor can settle its claim as a creditor of the bankruptcy estate. The same is applicable if the debtor has undertaken some further obligations towards the creditor and failed to fulfill them, partially or completely.

(2) The provision of paragraph (1) of this article applies accordingly to the notations recorded in the Central Register or other registries.

Retention of the property title

Article 161

(1) If, before the opening of the bankruptcy procedure, the debtor has sold a movable object but retained title over the property and handed the object over to the buyer to be kept in his possession, the buyer can demand fulfillment of the sale contract. The same is also valid if the debtor has undertaken some other obligations towards the buyer, and he failed to fulfill them partially or completely.

(2) If, before the opening of the bankruptcy procedure, the debtor has bought a moveable object but the seller, after handing over the object, has retained the title, the bankruptcy trustee has the right to choose in accordance with the provisions of article 149 of this Law. The bankruptcy trustee is not obliged to make a statement regarding his choice until the reporting hearing is held, after which he must do it without delay. The provision of this paragraph will not be applied in cases when a significant reduction of the value of the moveable object is expected prior to the date of the reporting hearing, and the creditor has informed the bankruptcy trustee of this circumstance.

Long-term obligation relations

Article 162

(1) Contracts for lease of real estate or premises, in which the debtor is the lessor, shall remain in effect, for the benefit of the bankruptcy estate.

(2) The board of creditors may decide to terminate the contract for lease referred in paragraph (1) of this article and to order the bankruptcy trustee to cancel the contract.

(3) If the lessee does not move out after expiration of the notice period, the bankruptcy judge shall make a decision and order him to move out. Appeal against the decision is allowed.

(4) The other contractual party can collect its rights arising from the period before the opening of the bankruptcy procedure only as a bankruptcy creditor.

Disposition with the claims of a lessee agreement

Article 163

(1) If the debtor as a lessor of real estate or premises before the opening of a bankruptcy procedure had at his disposal claims from a leasing relationship for some later period of time, this disposition is legally valid only in the part that refers to the lease for the calendar month that is ongoing at the time of the opening of the bankruptcy procedure. If the bankruptcy procedure is opened after the fifteenth day of the month, the disposition also has legal effect for the next calendar month.

(2) The disposition of paragraph (1) of this article refers especially to the collection of rent. The disposition on the basis of compulsory enforcement is equivalent to the contractual disposition.

(3) As an exception to article 153 paragraph (2) and article 154 paragraph (4) of this Law, the lessee can net its claims against the debtor with the debtor's claims from the leasing relation within the meaning of the provision of paragraph (1) of this article.

Debtor as a lessee

Article 164

(1) Lease contracts for real estate or premises in which the debtor is a lessee can be cancelled by the bankruptcy trustee within the notice period determined by law, regardless of whether some other deadline for cancellation was agreed upon in the contract. If the bankruptcy trustee cancels the contract, the other contractual party can request reimbursement for damage resulting from the premature cancellation of the contractual relationship as bankruptcy creditor.

(2) Each contractual party is obliged to inform the other contractual party within fifteen days whether it has an intention to waive the contract; otherwise, it loses its right to waiver.

(3) If the debtor has not taken possession of the real estate or the premises with the opening of the bankruptcy procedure, the bankruptcy trustee and the other contractual party may cancel the contract. If the bankruptcy trustee cancels the contract, the other party may request reimbursement for damage resulting from the premature cancellation of the contract as a bankruptcy creditor.

Prohibition of cancellation of the lease contract

Article 165

(1) If the debtor is a lessee, the other contractual party cannot cancel the lease contract after the filing of the proposal for opening of a bankruptcy procedure:

1) Due to the delay in payment of the lease which took place before the opening of the bankruptcy procedure;

2) As a result of deterioration of the condition of the debtor's assets.

(2) With the exception of paragraph (1) of this article, the other contractual party may cancel the lease contract, after the proposal for initiation of a bankruptcy procedure has been filed, provided that the board of creditors agrees on that. If the lease contract remains in effect, the bankruptcy debtor shall be obligated to pay the agreed rent on a regular basis, and claims based on that contract shall be considered as first rank claims, as expenses of the bankruptcy estate.

(3) If the bankruptcy procedure has been initiated before the bankruptcy trustee received the immovable property in possession as a lessee, the bankruptcy trustee and the lessor may cancel the contract.

Employment contracts

Article 166

(1) Employment contracts concluded between the employee and the employer-debtor are terminated as of the day of opening of the bankruptcy procedure.

(2) The bankruptcy trustee shall adopt a decision declaring the termination of the employment contract. Appeal is not allowed against this decision.

(3) For the purpose of fulfilling the rights of the employee, the bankruptcy trustee shall within 3 days as of the day he adopted the decision referred in paragraph (2) of this article, send a copy of the decision to the authorized employment agency where the registered office of the bankruptcy trustee is located.

(4) All employment contracts that have been concluded with persons regulating the relations between the company and the executive members of the board of directors, the members of the management board, or administrators shall terminate as of the day of opening of the bankruptcy procedure

(5) The bankruptcy trustee may, with the prior written consent of the bankruptcy judge, conclude new fixed term employment contracts for the purposes of completion the work in progress and prevention of possible damages. If the conclusion of new contracts is required, former employees of the debtor shall have priority in concluding such contracts.

(6) The bankruptcy trustee determines the employees' salaries and reimbursements in accordance with law and the collective agreement and on the basis of previously received written consent of the bankruptcy judge.

(7) The salaries and reimbursements referred in paragraph (6) of this article are settled as liabilities of the bankruptcy estate.

Termination of the order and of the contract for performance of work

Article 167

(1) The order of the debtor with respect to the property that comprises the bankruptcy estate ceases with the opening of the Bankruptcy procedure.

(2) The recipient of the order is obliged to continue with the performance of the work that cannot be postponed due to the prevention of damages, even after the opening of a bankruptcy procedure until the bankruptcy trustee takes over the performance of the work. The claims of the recipient of the order with respect to such continuation of the performance of the work are settled as claims of a creditor of the bankruptcy estate.

Offers

Article 168

Offers made to the debtor, or offers made by the debtor, will cease to be valid as of the opening of the bankruptcy procedure if they have not been accepted prior to that date.

Termination of the debtor's power of attorneys

Article 169

- (1) The debtor's power of attorney referring to the property that comprises the bankruptcy estate ceases with the opening of the bankruptcy procedure.
- (2) The provisions of article 167 of this Law shall apply accordingly to this power of attorney.

Liquidation

Article 170

When a general partnership, limited partnership, or limited partnership by shares, or other legal entity with partners with unlimited liability is liquidated as a result of the opening of a bankruptcy procedure over the property of one of the partners with unlimited liability, the partner with the right to represent the respective partnership, or legal entity, will be ranked among the creditors of the bankruptcy estate for his claims which have arisen from the temporary continuation of the works that cannot be delayed or that could cause significant damages if neglected.

Nullity of the Contractual Provisions

Article 171

Contractual provisions that exclude or limit in advance the application of the provisions referred to in articles 157 through 170 of this Law are not valid.

CHAPTER THREE

CHALLENGING THE LEGAL ACTIONS OF THE BANKRUPTCY DEBTOR

General provisions

Article 172

(1) The bankruptcy trustee, on behalf of the bankruptcy debtor and the bankruptcy creditors, may challenge, in accordance with the provisions of this Law, the legal actions undertaken before the commencement of the bankruptcy procedure, which hinder the equitable settlement of the creditors (damaging of the creditors), or which put certain creditors in a more favorable position.

(2) Failure to take a legal action will be treated the same as the undertaking of a legal action, i.e. failure to perform an action will be considered as a legal action within the meaning of paragraph (1) of this article.

Permitted Settlement

Article 173

(1) A legal action, undertaken within the last three months before the proposal for commencement of a bankruptcy procedure has been submitted, by which one bankruptcy creditor is given or enabled a security interest or settlement in accordance with the contents of his rights, can be challenged if at the time when the legal action was undertaken the debtor was insolvent and if at that time the creditor knew or must have known about the insolvency.

(2) A legal action which gives or enables a bankruptcy creditor to receive a security interest or settlement in accordance with the contents of his rights can also be challenged, if the legal action has been undertaken after filing the proposal to commence a bankruptcy procedure, and if at that time the creditor knew or must have known about the debtor's insolvency or the proposal to commence a bankruptcy procedure.

(3) It shall be considered that the creditor knew about the insolvency or of the proposal to commence a bankruptcy procedure, if he was familiar with the circumstances on the basis of which it may be concluded that the debtor

was insolvent, or that a proposal to commence a bankruptcy procedure had been filed.

(4) A person who was close to the debtor at the time of undertaking the legal action (article 180) is presumed to have known about the debtor's insolvency or about the proposal for commencement of a bankruptcy procedure.

Incongruent settlement

Article 174

(1) A legal action by which one bankruptcy creditor is given or is enabled collateral or settlement, which collateral or settlement he was not entitled to demand or did not have a right to request in such manner and at that time, can be challenged if it was undertaken:

1) within the last thirty days prior the submission of the proposal for commencement of the bankruptcy procedure or after that; or

2) within ninety days prior to the filing of the proposal for the commencement of the bankruptcy procedure, and the debtor was insolvent at that time; or

3) within ninety days prior the submission of the proposal for commencement of a bankruptcy procedure, and at that time the creditor knew that the bankruptcy creditors would be damaged as a result of the action.

(2) It will be considered that the creditor knew that the legal action would damage the creditors referred to in paragraph (1) item 3 of this article, if he was familiar with the circumstances on the basis of which it could have necessarily been concluded that the legal action would damage the creditors. A person who was close to the debtor at the time of undertaking the legal action (article 185) is presumed to have known about the damaging of the bankruptcy creditors.

Legal actions that directly damage the creditors

Article 175

(1) Debtor's legal action which directly damages the bankruptcy creditors, can be challenged if it was undertaken:

1) Within ninety days prior the submission of the proposal for commencement of the bankruptcy procedure, if at that time the debtor was insolvent and if the other party knew of the insolvency, or

1) After the submission of the proposal for commencement of a bankruptcy procedure, and if at the time the legal action was undertaken the other party

knew or must have known about the insolvency, or about the proposal for commencement of the bankruptcy procedure.

(2) The legal action which directly damages bankruptcy creditors shall be equivalent to the legal action undertaken by the debtor by which the debtor loses some of its rights or because of which such rights cannot be exercised, or to action on the basis of which a property claim against the debtor may remain to be in force or may be exercised.

(3) In the cases referred to in paragraphs (1) and (2) of this article, the provisions referred to in paragraphs (3) and (4) of article 173 of this Law shall apply accordingly.

Deliberate damaging

Article 176

(1) A legal action that the debtor has undertaken during the last ten years prior the submission of the proposal for commencement of a bankruptcy procedure or afterwards, with the intention of damaging the creditors, can be challenged if the other party knew about the debtor's intentions at the time when the action was undertaken. The knowledge of the intention is presumed, if the other party knew that the debtor was threatened by insolvency, and that the action would damage the creditors.

(2) A bilateral onerous contract concluded between the debtor and a person close to him/her in accordance with article 180 of this Law can be challenged if directly damages the bankruptcy creditors. That contract cannot be challenged if it was concluded two years before the submission of the proposal for commencement of a bankruptcy procedure, or if the other party proves that at the time of the conclusion of the contract was not familiar with the debtor's intention to damage the creditors.

Legal actions without remuneration or with insignificant remuneration

Article 177

(1) A legal action undertaken by the debtor without remuneration or with insignificant remuneration can be challenged, unless undertaken four years before the filing of the proposal for commencement of the Bankruptcy Procedure.

(2) If the action in question is an appropriate gift with an insignificant value, the action cannot be challenged.

Silent partnership

Article 178

- (1) It is possible to challenge a legal action by which the silent partner of the silent partnership recovers a portion or the whole debt, or by which his share in the occurred loss is acquitted partially or completely, provided that the contract, on which the action is based, has been concluded in the year preceding the submission of the proposal for commencement of a bankruptcy procedure over the assets of the public partner or afterwards. This provision will also apply in the case when the contract has caused, or when as a consequence of the contract, a liquidation of the silent partnership is caused.
- (2) The legal action referred to in paragraph (1) of this article cannot be challenged if the reason for the commencement of the bankruptcy procedure occurred after the contract has been concluded.

Payment of the bill of exchange and check Liabilities

Article 179

- (1) In the case of a congruent settlement in pursuant to article 173 of this Law, the recipient cannot be requested to return what was paid by the debtor on the basis of a bill of exchange, if in accordance with the law regulating the bill of exchange, if the recipient refuses to receive the payment under the bill of exchange he would lose the bill-of-exchange claim towards the other bill-of-exchange debtors.
- (2) The paid amount of the bill of exchange, must be settled by the last recourse debtor or, if he sold the bill of exchange for the benefit of a third person, such third person, provided that at the time when the last recourse debtor or the third person sold the bill of exchange or when they gave the bill of exchange to be sold, knew about the debtor's insolvency, or about the proposal for commencement of a bankruptcy procedure. The provisions referred to in paragraphs (3) and (4) of article 173 shall be applied accordingly.
- (3) Paragraphs (1) and (2) of this article shall apply to the debtor's payments in checks accordingly.

Close parties

Article 180

(1) Within the meaning of this Law, as individuals considered to be close to the debtor-individual are:

- 1) the spouse of the debtor, even if the marriage was concluded after the legal action or if it was terminated in the last year before the action was undertaken;
- 2) relatives of the debtor or of the spouse from the immediate family siblings, i.e. stepbrothers and stepsisters of the debtor or the spouse referred to in item 1 of this paragraph, as well as the spouses of these persons; and
- 3) persons living in a common household or in a permanent living community with the debtor or which have lived with the debtor during the last year that preceded the action.

(2) Within the meaning of this Law, as persons considered to be close to a debtor - legal entity are:

- 1) the administrators, or administrator, members of the management bodies, members of the supervisory bodies, and the debtor's partners with personal liability, as well as persons who hold more than one fourth of the debtor's equity;
 - 2) Person who due to their legal status or employment relation with the debtor has the opportunity to be acquainted with the economic situation of the debtor; and
 - 2) Persons who have personal relations referred to in paragraph (1) of this article with one of the persons referred to in item 1 or 2, unless the persons referred to item 1 and 2 of this paragraph are obliged by Law to keep the accuracy of the facts in relation to the work of the debtor in confidentiality.
- (3) As related parties shall be considered the persons determined by the Company Law.

Calculation of deadlines before submission of the proposal for commencement of a bankruptcy procedure

Article 181

(1) The deadlines determined in the provisions of articles 173 through 180 of this Law shall be calculated from the beginning of the day in the month, which corresponds according to the number of the day of receiving the proposal for commencement of the bankruptcy procedure in the court. If such

a day with such number does not exist, the time-period shall be calculated from the beginning of the following day.

(2) If several proposals for commencement of a procedure have been filed, the first proposal together with an appropriate elaboration submitted pursuant to this Law will be considered as a proposal, even if the procedure was commenced on the occasion of some later proposal.

Time of assuming legal action

Article 182

(1) A legal action shall be considered to be assumed when its legal effects come into effect.

(2) When for the purpose of the validity of a legal action, entry in a public book or another appropriate register is required, it will be considered that the legal action is undertaken as soon as the presumptions for its validity are fulfilled, when the expression of will for entry becomes obligatory on the debtor, and when the other party files a request for entry of the legal change.

(3) If a request for entry of a note for securing the right to legal change is filed, the provision referred to in paragraph (2) of this article will be applied accordingly.

(4) If the legal action has a term or a deadline, the time of its undertaking will be considered valid, not the time of appearance of the term or of the expiry of the deadline.

Enforcement document

Article 183

A legal action for which an enforcement document was received and an activity that was undertaken in the procedure for compulsory enforcement can be challenged if this has been determined by Law.

Payment in cash

Article 184

If the debtor received a compensation with equal value as his counter-activity, that directly (immediately) entered his property, the legal action because of which the counteractions was performed can be challenged only under the conditions referred in article 176 of this Law.

Legal means and legal consequences from the challenging

Article 185

- (1) The bankruptcy creditors or the bankruptcy trustee, on behalf of the bankruptcy debtor, can challenge the legal actions of the bankruptcy debtor.
- (2) The lawsuit referred to in paragraph (1) of this article can be filed until conclusion of the bankruptcy procedure at latest.
- (3) The lawsuit referred in paragraph (2) of this article shall be filed against the person whose action is being challenged and against the debtor who is not the plaintiff.
- (4) If the request referred in paragraph (2) of this article is approved, the challenged legal action shall be without effect in respect of the bankruptcy estate, and the opposite party shall be bound to return all property benefits acquired on the basis of the challenged action to the bankruptcy estate.
- (5) The recipient of the counteraction without compensation or with insignificant compensation must return what was received, if he knew or must have known that such counteraction damages the creditors.
- (6) The legal actions of the debtor can also be challenged by making a petition in the litigation procedures, disregarding the time limitation referred in paragraph (2) of this article.

Challenging rights of the Opponent

Article 186

- (1) If the opponent of the challenging returns what he has received, his claim can be settled again.
- (2) The opponent of the challenging shall have a right to request his compensation to be returned from the bankruptcy estate, if it can still be separated from that estate, or if the estate became enriched by the value of the counteraction. Otherwise, the opponent of the challenging can exercise the right of returning the counteraction as a bankruptcy creditor.

Challenging against the legal successors

Article 187

- (1) A legal action of the debtor can also be challenged against a successor or other universal legal successor of the opponent of the challenging.
- (2) A legal action can be challenged against the remaining legal successors of the opponent of the challenging:

- 1) if the legal successor at the time of acquisition was familiar with the circumstances on which the possibility for challenging the acquisition of his legal predecessor is based;
- 2) if the legal successor at the time of acquisition belonged to the group of persons close to the debtor as defined in article 180 of this Law, unless he proves that at that time he was not familiar with the circumstances which form the basis for the possibility for disputing the acquisition of his legal predecessor;
- 3) if the legal successor was given what was acquired without remuneration or with insignificant remuneration.

Legal actions upon the commencement of the bankruptcy procedure

Article 188

- (1) A legal action undertaken after the commencement of the bankruptcy procedure, which remains to be in force according to the rules of reliability of what is entered in the public books, can be challenged according to the rules for challenging the legal action undertaken before the commencement of the bankruptcy.
- (2) The time period for the lawsuit referred to in article 185 of this Law starts from the moment when the legal consequences of the action come into effect.

CHAPTER FOUR

DISTRIBUTION

Settlement of the bankruptcy creditors

Article 189

(1) The bankruptcy creditors will be settled after the main investigation (verification) hearing is held. The settlement of the bankruptcy creditors shall be carried out through an advance distribution of the assets as well as with a final distribution.

(2) The funds shall be distributed among the creditors in the bankruptcy procedure immediately after sufficient funds have been collected into the bankruptcy estate (advance distribution).

Distribution plan

Article 190

(1) Before starting the distribution of funds, the bankruptcy trustee shall prepare a draft distribution plan.

(2) The draft distribution plan shall contain the total amount of the claims, the amount of the funds available for distribution out of the bankruptcy estate, a list of claims that will be taken into consideration during the distribution, the percentage of the settlement of the creditors, as well as the amount of funds that will be set aside for settling the claims of the creditors whose claims were disputed. This plan will be deposited in the bankruptcy file for inspection of all parties in the bankruptcy procedure.

Plan for advance distribution

Article 191

(1) The bankruptcy trustee shall be bound to prepare a draft plan for the advance distribution within 8 days after the transfer of the funds on the account. This draft plan shall be immediately distributed to the members of the board of creditors for approval. Upon obtaining the approval from the board of creditors the bankruptcy trustee shall submit the plan to the bankruptcy judge and to all creditors included in the plan. In the draft plan, the bankruptcy trustee separate appropriate amount for the unpaid and foreseen expenses of the bankruptcy estate.

(2) The creditors have the right to file a petition to the bankruptcy judge within eight days from the day of the delivery of the plan for advance distribution.

(3) The bankruptcy judge is obliged to review the petitions of the creditors, and if necessary, to make certain corrections to the plan and to adopt a decision for approving the plan for the advance distribution.

(4) The decision for approval of the plan for the advance distribution shall be submitted to the bankruptcy trustee, who is obliged to make the payments of the funds to the creditor's accounts within eight days. Upon completion of the payment of funds, the bankruptcy trustee is obliged to prepare a special report on the performed payment and submit it to the bankruptcy judge, the board of creditors as well as to deposit it in the debtor's bankruptcy file for inspection by the creditors.

Consideration of the disputed claims

Article 192

(1) The creditor, whose claim has not been established, may submit evidence to the bankruptcy trustee, that he has filed a lawsuit to establish the claim and its amount, or that he is involved in the procedure that has already been conducted in respect to that claim, within eight days as of the day of delivery of the plan for advance distribution.

(2) If the creditor referred to in paragraph (1) of this article submits the evidence referred to in paragraph (1) of this Article, the bankruptcy trustee will separate a proportionate part of the funds for settlement of the respective claim. The part separated in this way shall not be distributed and shall be retained until an effective decision is brought in respect of the disputed claim.

(3) If the creditor has not submitted the evidence to the bankruptcy trustee within the time period determined in paragraph (1) of this Article, he shall lose the right to settlement in the bankruptcy procedure for the claim which was not determined.

Settlement of the creditors with a right to separate settlement

Article 193

(1) The creditor with the right to separate settlement who was not fully settled with the sale of the property, for which he has established a right to separate settlement, is obliged to notify the bankruptcy trustee, within 15 days from the day of the performed sale. The bankruptcy trustee is obliged to include the creditor in the plan for distribution of the remaining unsettled claim. If the creditor does not notify the bankruptcy trustee timely and does not provide evidence, the unsettled claim of that creditor shall not be taken into consideration in the further distribution.

(2) Paragraph (1) of this article shall not be applied if the bankruptcy trustee is authorized to dispose the object over which the right to separate settlement exists.

Settlement of claims subject to a deferred term

Article 194

(1) The whole amount of the claim in relation to a deferred term will be taken into consideration in the course of the advance distribution. During that distribution, the part necessary for settlement of that claim will be separated and retained from the funds intended for that distribution.

(2) During the final distribution, the claims in relation to a deferred term shall not be taken into consideration if the possibility for coming into effect of that term is so remote or improbable that on the day of distribution the claim is worthless. In that case, the portion segregated and retained for settlement of that claim according to paragraph (1) of this article may be freely transferred to the funds intended for final distribution.

(3) The claims in relation to a rescindable term shall be taken into consideration during the distribution if the creditor provides assets to ensure that when this term becomes effective he will return what he has received from the bankruptcy estate.

Additional settlement

Article 195

The Creditors who were not taken into consideration during the advance distribution, and who fulfill the conditions referred to in articles 192 and 193 of this Law, at the next additional distribution will be entitled to an

advance from the remainder of the bankruptcy estate in a manner which will place these creditors at the same level with the other creditors which have already received an advance. Only afterwards, the settlement of the other creditors may begin.

Final distribution of assets

Article 196

(1) The final distribution of the assets shall be carried out according to the plan for final distribution immediately after completing the cashing of the assets that comprised the bankruptcy estate.

(2) The draft plan for final distribution shall be prepared in the same procedure and manner as the draft plan for advance distribution.

(3) The bankruptcy trustee shall, within 8 days after the transfer of the assets to the account of the bankruptcy debtor, prepare the draft plan referred to in paragraph (1) of this article. The bankruptcy trustee is obliged to submit an annual balance sheet and an annual statement.

(4) The bankruptcy trustee shall immediately submit the draft plan for final distribution, the annual balance sheet, and the annual statement to the members of the board of creditors for approval. Upon obtaining of the approval, the bankruptcy trustee shall deliver the draft plan, the annual balance sheet, and the annual statement to the bankruptcy judge who shall announce them on the bulletin board in the court.

(5) Against the submitted draft plan for final distribution, the bankruptcy creditors shall have the right to petition to the bankruptcy judge within 8 days from the day of the announcement on the bulletin board in the court.

(6) The bankruptcy judge shall decide on the petitions referred to in paragraph (5) of this article and shall approve the draft plan for final distribution with a decision within eight days. The decision shall be delivered to the creditors that filed the petition against the draft plan for final distribution and to the bankruptcy trustee and shall be deposited in the bankruptcy files insight of all creditors.

(7) The bankruptcy creditors whose petitions were rejected shall have the right to appeal.

Final assembly of the creditors

Article 197

(1) The bankruptcy judge, within 3 days following the day of approval of the plan for final distribution, shall convene a final assembly of creditors on which they will:

- 1) discuss on the annual balance sheet and the annual statement;
- 2) confirm the plan for the final distribution of the assets; and
- 3) decide on the objects and rights that represent part of estate that comprises the bankruptcy estate that have not been alienated, collected or converted into cash.

(2) The decisions at the final assembly shall be adopted with a majority of the determined claims represented by the present creditors.

(3) If the assembly of creditors does not approve the plan for final distribution, the bankruptcy judge shall reach a final decision. While reaching the decision, the bankruptcy judge shall assess the reasons for rejecting the plan for final distribution.

(4) The plan for final distribution of the assets and the resolutions at the final assembly of creditors shall be carried out by the bankruptcy trustee. The bankruptcy trustee is obliged immediately after the approval of the plan to make the payment of the funds to the creditors' accounts. After the payment of funds is performed, the bankruptcy trustee is obliged to prepare a separate report on the completed payment and submit it to the bankruptcy judge, the board of creditors as well as to deposit it in the debtor's bankruptcy file of the debtor for inspection of the creditors.

Depositing of the retained funds

Article 198

With the consent by the bankruptcy judge, the bankruptcy trustee shall deposit the funds that were separated and retained in the final distribution with an adequate bank for further distribution, in a manner and under the conditions determined in this Law.

Excess arising from the final distribution

Article 199

(1) If the claims of all creditors in the bankruptcy procedure are settled completely with the final distribution, the bankruptcy trustee will transfer the remaining excess of the bankruptcy estate or the funds to the debtor.

(2) If the debtor is not an individual, the bankruptcy trustee will transfer, to all persons owners of share or stocks in the principal capital of the debtor, the part of that excess that would belong to those persons during the liquidation of the debtor, in accordance with the Trade Company Law.

CHAPTER FIVE

CONCLUSION OF THE BANKRUPTCY PROCEDURE

Decision for conclusion of the bankruptcy procedure

Article 200

(1) Immediately after the final distribution of assets has been completed, i.e. the rest of the property of the debtor, the bankruptcy judge will adopt a decision for conclusion of the bankruptcy procedure.

(2) The decision referred in paragraph (1) of this article shall be published in accordance with article 10 of this Law and the provisions referred to in article 69 paragraph (6) and article 72 paragraph (2) of this Law. In the decision for conclusion of the bankruptcy procedure the bankruptcy judge shall determine the conclusion of the bankruptcy procedure to be entered in the Trade Register, in the public books in which the real estate rights are entered and in other respective registers. A copy of the decision shall be submitted to the bodies that run the registers or the public books.

(3) With the conclusion of the bankruptcy procedure and deletion from the trade or other register in which the debtor is entered, the legal entity – debtor shall cease to exist. If the bankruptcy procedure has been completed with adoption of a plan for the reorganization of the debtor, an appropriate entry shall be made in the trade or other register where the debtor has been entered for the purpose of enforcing the approved plan for reorganization.

(4) The debtor - sole proprietor (hereinafter: debtor-individual) shall lose the title sole proprietor-individual with the conclusion of the bankruptcy procedure. The conscientious debtor-individual may request exemption from the rest of the liabilities with the conclusion of the bankruptcy procedure, under the conditions provided for in this Law.

(5) After the complete distribution, the bankruptcy trustee is obliged to:

1) notify the bank and request deletion of the account, and if there are assets remaining and which on any grounds of this Law have not been distributed, to deposit them as a court deposit; and

2) organize the archive material pursuant to the Law on National Archives Material, and to deliver the archive material in its original, complete and organized condition with inventory and description of the data, as well as the

documented material with longer keeping deadlines, pay lists, time sheets, M-4 forms and registration and withdrawal forms of the employees to the State Archive of the Republic of Macedonia.

(6) The bankruptcy trustee is obliged to act according to paragraph (5) of this article and in accordance with the Law in National Archives Material and the professional standards for storage of documentation.

(7) The bankruptcy judge shall not approve the reward for the bankruptcy trustee if he does not fulfill the liabilities referred to in paragraph (5) of this article.

Decision for conducting an additional (deferred) distribution

Article 201

(1) Upon a request of the bankruptcy trustee, or of a bankruptcy creditor, or ex officio, the bankruptcy judge will bring a decision for enforcement of an additional or deferred distribution, provided that after the final assembly:

- 1) the segregated or withheld funds have become available for distribution;
- 2) the funds paid from the bankruptcy estate have been returned; and
- 3) the objects and rights that form a part of the assets that comprises the bankruptcy estate (newly found property) have been identified (determined).

(2) The conclusion of the bankruptcy procedure shall not prevent the bankruptcy judge from bringing a decision for conducting the deferred distribution.

(3) The bankruptcy judge may refrain from bringing such a decision and may transfer the available funds or the identified objects of the debtor, if it is considered that their handing over to the debtor would be much more suitable, considering the small value of the amount of the funds or the assets, and the expenses for a possible additional distribution. The bankruptcy judge may, as a condition for bringing a decision for deferred (additional) distribution, request advancing of funds for settling the expenses of such additional distribution.

(4) The assets referred to in paragraph (1) of this article shall be kept in the court deposit referred to in article 200 paragraph (5) of this Law.

Appeal

Article 202

(1) The decision for refusing the conduction of an additional distribution shall be delivered to the person that submitted the proposal by the bankruptcy judge. The person that submitted the proposal are entitled to file an appeal against the decision of the bankruptcy judge within eight days.

(2) The decision with which the conduction of an additional distribution is approved shall be delivered to the bankruptcy trustee and the debtor by the bankruptcy judge. The debtor may file an appeal against this decision within eight days of receipt of the decision.

Conducting the additional distribution

Article 203

When the bankruptcy judge has adopted a decision for conducting an additional distribution, the bankruptcy trustee will distribute the available sum or the income received from the distribution of the identified (determined) object, on the basis of the an annual statement. For such distribution, the bankruptcy trustee will submit a separate report and a separate account to the bankruptcy judge.

Additional proportional settlement

Article 204

The creditors of the bankruptcy estate may request additional settlement of their claims only from the remaining assets in the bankruptcy estate, and for the assets for which the bankruptcy trustee becomes aware:

- 1) only after determining of the part intended for an advance distribution;
- 2) during the final distribution; or
- 3) when a decision for conducting an additional (deferred) distribution has been reached, after its announcement.

CHAPTER SIX

STOPPING OF THE BANKRUPTCY PROCEDURE

Stopping due to non-existence of assets that comprises the bankruptcy estate

Article 205

(1) If after the commencement of the bankruptcy procedure, it is determined that the assets that comprises the bankruptcy estate shall not be sufficient to settle the expenses of the procedures, the bankruptcy judge will stop that procedure and bring a decision on concluding the bankruptcy procedure. The bankruptcy judge shall not stop the procedure if sufficient funds have been advanced by a creditor.

(2) Before the bankruptcy judge stops the bankruptcy procedure, the assembly of creditors, the bankruptcy trustee, and the creditors of the bankruptcy estate will be heard by the bankruptcy judge.

(3) Before the stopping the procedure, the bankruptcy trustee will use all funds available in the bankruptcy estate to settle the expenses incurred in the procedure up to that phase, proportionately to their amounts. The bankruptcy trustee shall no longer be obliged to dispose with the property that comprises the bankruptcy estate, or he shall not be obliged to convert that property into cash, and the distribution shall be conducted without cashing.

Notification of the insufficiency of the assets that comprise the bankruptcy estate

Article 206

(1) If the expenses of the bankruptcy procedure have been covered, but the assets that comprise the bankruptcy estate shall not be sufficient to settle the other matured liabilities of the bankruptcy estate, the bankruptcy trustee will notify the bankruptcy council of the insufficiency of the property that comprises the bankruptcy estate. This provision will also apply when there is only a probability that on the day of their maturity, the property shall not be sufficient to settle the other existing liabilities of the bankruptcy estate.

(2) The obligations of the bankruptcy trustee to dispose with and manage the assets that comprises the bankruptcy estate shall continue to exist even after the notification of the insufficiency of the property.

(3) The bankruptcy judge announces the notification of the insufficiency of the property that comprises the bankruptcy estate pursuant to article 10 of this Law. This notification will be delivered in person to the creditors of the bankruptcy estate.

Settling of the creditors of the bankruptcy estate

Article 207

(1) The bankruptcy trustee shall settle the liabilities of the bankruptcy estate in the following order and proportionately to the amount of the equally ranked liabilities:

- 1) expenses of the bankruptcy procedure;
- 2) liabilities of the bankruptcy estate, which are not classified as expenses of the bankruptcy procedure, but have become legally binding after the notification of the insufficiency of the property that comprises the bankruptcy estate; and
- 3) other liabilities on the bankruptcy estate, including as last the alimony provided pursuant to article 156 of this Law.

(2) Liabilities of the bankruptcy estate according to paragraph (1) item 2 of this article shall be considered:

- 1) the liabilities of the bilateral onerous agreements, where the bankruptcy trustee has made a statement about their fulfillment after the delivery of the notification of the insufficiency of the assets that comprises the bankruptcy estate;
- 2) the liabilities arising from lease agreements, service contracts, employment contracts, or from other similar more permanent binding obligations, for the period following the first day on which the bankruptcy trustee had a right to cancel such agreement, after the notification of the insufficiency of the property that comprises the bankruptcy estate; and
- 3) the liabilities that arise from lease contracts, works contracts, employment contracts, or from other similar more permanent obligations, if and to the extent of which the bankruptcy trustee required their fulfillment on behalf of the bankruptcy estate, following the notification of the insufficiency of the property that comprises the bankruptcy estate.

Prohibition for enforcement

Article 208

If the bankruptcy trustee has given a notification of the insufficiency of the assets that comprise the bankruptcy estate, immediately after that

notification, the enforcement over the assets that comprise the bankruptcy estate stated in article 207 paragraph (1) item 3 of this Law, for the purposes of settling of claims, shall not be allowed for settling of the claims from the property.

Stopping of the procedure after the notification of the non-existence of assets that comprises the bankruptcy estate

Article 209

(1) The bankruptcy judge will adopt a decision for conclusion of the bankruptcy procedure immediately after the bankruptcy trustee distributes the assets that comprise the bankruptcy estate pursuant to article 207 of this Law.

(2) The bankruptcy trustee will submit a separate annual balance sheet and a separate annual statement of his work following the delivery of the notification of the insufficiency of the property that comprises the bankruptcy estate.

(3) If, after the conclusion of the bankruptcy procedure, specific objects or rights that are integral parts of the property that comprise the bankruptcy estate are identified (determined), the bankruptcy judge, upon request from the bankruptcy trustee, or from a creditor of the bankruptcy estate, or ex officio, will order a deferred or additional distribution. Article 201 paragraph (3), and articles 202 and 203 of this Law shall be applied to the deferred distribution accordingly.

Stopping of the procedure due to additionally determined insufficient conditions for opening of a bankruptcy procedure

Article 210

Upon request of the debtor, the bankruptcy judge will stop the bankruptcy procedure if the debtor proves that after the stopping of that procedure he shall avoid situations of insolvency or immediate forthcoming insolvency, if the bankruptcy procedure is opened as a result of these reasons. The bankruptcy judge shall accept the debtor's proposal for stopping of the bankruptcy procedure if the debtor provides the bankruptcy judge with adequate evidence presenting that the reasons for commencement of bankruptcy procedure no longer exist

Stopping of the procedure in agreement with the creditors

Article 211

(1) Upon request of the debtor, the bankruptcy judge will stop the bankruptcy procedure, if the debtor, after the expiry of the term for registering of claims, submits written statements, verified by notary and given by all bankruptcy creditors that have reported their claims and for consent on stopping of the procedure.

(2) Upon proposal of the debtor, the bankruptcy judge may stop the bankruptcy procedure even before the time period for reporting of the claims has expired, if apart from the creditors whose statements of consent were submitted according to paragraph (1) of this article, no other creditors are known.

Procedure upon the proposal for stopping of the bankruptcy procedure

Article 212

(1) The bankruptcy judge will announce the debtor's request for stopping of the bankruptcy procedure submitted in accordance with articles 210 and 211 of this Law. The submitted request will be deposited in the bankruptcy file and placed for inspection by the parties. In the cases stated in article 211 of this Law, the statements of consent made by the creditors will be attached to the request. Each bankruptcy creditor may file a petition against the request for stopping the bankruptcy procedure, within eight days of its announcement.

(2) Before the bankruptcy judge adopts a decision in respect of the request referred to in paragraph (1) of this Article, he will hear the party that filed the request, the bankruptcy trustee, and the board of creditors, if the board has been established. If any of the bankruptcy creditors have filed a petition against the request, the bankruptcy judge will also hear these creditors before reaching a decision.

(3) Before the bankruptcy procedure is stopped, the bankruptcy trustee will fulfill all obligations and will settle all undisputed claims that represent liabilities of the bankruptcy estate. For all disputed claims, the bankruptcy trustee will provide adequate collateral.

Announcement and legal consequences of the stopping of the bankruptcy procedure

Article 213

(1) The bankruptcy judge will announce the decision on stopping or concluding the bankruptcy procedure pursuant to articles 205, 209, 210 or 211 of this Law, as well as the reasons for adoption of such decision. The bankruptcy judge will inform in advance the debtor, the bankruptcy trustee, and the board of creditors on the date, after which the stopping of the bankruptcy procedure will start producing legal consequences, pursuant to article 10 paragraph (1) of this Law. In such case, article 199 of this Law will apply accordingly.

(2) The debtor shall re-acquire the right to freely manage and dispose of the property that comprises the bankruptcy estate, after the bankruptcy procedure has been stopped.

(3) The decision by which the bankruptcy judge has stopped or concluded the bankruptcy procedure pursuant to this Law, shall be delivered to the Trade Register, or another respective register, with a request to perform an appropriate entry in the register.

(4) A copy of the decision referred to in paragraph (1) of this article shall be also delivered to the Central Register.

Appeal

Article 214

(1) Each creditor may file an appeal to the bankruptcy council within eight days, against the decision of the bankruptcy judge for stopping or concluding the bankruptcy procedure pursuant to articles 205, 210 or 211 of this Law. The debtor may also make an appeal within eight days if the bankruptcy procedure was stopped in accordance with article 205 of this Law.

(2) The debtor may also file an appeal against the decision of the bankruptcy judge rejecting his request for stopping the bankruptcy procedure, filed in accordance with articles 210 or 211 of this Law. The appeal shall be filed within eight days from the day of receipt of the decision.

PART SIX

PLAN FOR REORGANIZATION

CHAPTER ONE

PREPARATION OF THE PLAN

Basic Provisions

Article 215

(1) The bankruptcy procedure which includes reorganization shall be conducted on the basis of a prepared plan for reorganization which is compiled in written form.

(2) If the requirements determined by this Law are met, a plan for reorganization may be submitted:

- 1) Simultaneously with the submission of a proposal for initiating bankruptcy procedure by the debtor or the creditor;
- 2) Upon a proposal of a creditor after the opening of the bankruptcy procedure until the day of holding the reporting assembly; and
- 3) Upon a proposal of the bankruptcy trustee, according to the decision i.e. instructions of the Assembly of Creditors.

(3) A plan for reorganization, within the meaning of the provisions of this part of the Law, may be implemented in the following manner:

- 1) Letting the debtor manage or dispose of the whole or a portion of his assets, unless otherwise determined by this Law;
- 2) Carrying out an appropriate statutory change, in order to transfer the whole or a portion of the debtor's assets to one or more persons that exist or will be established;
- 3) Merging the debtor with one or several entities;
- 4) Selling all or a portion of the debtor's assets, with or without the rights to separate settlement;
- 5) Dividing all or a portion of the debtor's assets among the creditors;
- 6) Determining the manner of settlement of the bankruptcy creditors;
- 7) Settling or changing the rights to separate settlement;
- 8) Reducing or postponing the payments of the debtor's liabilities;
- 9) Converting the debtor's liabilities into credit;
- 10) Settling all or some of the debtors' liabilities towards the creditors with a share or stocks owned by the partners, i.e. shareholders;
- 11) Undertaking a guarantee or providing other kind of collateral for fulfillment of the debtor's liabilities;

12) some or all of the debtors' obligations towards the creditors will be transformed into a share or stocks in the reorganized debtor, in the amount determined in accordance with the prior valuation of the net value of the core capital of the company, performed by a certified valuer;

13) Additional investing;

14) Increase of the company's core capital, which will be allowed by issuance of stocks or share for the creditors or for new investors;

15) Amendment to the article of association of the company or another founding act or another act of the bankruptcy debtor with which special rights of the proposer of the plan for reorganization are determined;

16) Consent of the bankruptcy debtor to accept personal management pursuant to this Law; and

17) Any other manner or measure pursuant to this Law.

(4) The transfer of the shares shall be conducted without intermediation of the stock exchange. For the issuing of the new stocks, no approval from the Securities and Exchange Committee is needed.

(5) Following the effectiveness of the decision for approval of the plan for reorganization, the bankruptcy trustee shall submit a request for changing of the entries in the Central Securities Depository for the transfer of the stocks, as well as for the stocks issued according to the plan for reorganization and shall inform the Securities and Exchange Committee of the conducted increase of the core capital.

Persons authorized to submit plan for reorganization

Article 215-a

(1) Pursuant to this Law, the reorganization procedure before opening of the bankruptcy procedure may be implemented only if the debtor submitted the plan for reorganization together with the proposal for opening a bankruptcy procedure. In this case, the reorganization procedure shall be conducted pursuant to the provision of this law that regulates the conducting of this procedure.

(2) The reorganization procedure may be conducted also after the opening of the bankruptcy plan for reorganization, based on proposal of the bankruptcy trustee included in the report for the economic- financial statute, and on the basis of a decision of creditors on the first reporting assembly of creditors and on initiative, i.e. prepared plan for reorganization submitted by creditors

to the court no later than 15 days before the first reporting assembly of creditors.

(3) In case when during the bankruptcy procedure the creditors of the first reporting assembly approved an initiative for conducting the plan for reorganization, the bankruptcy trustee, i.e. creditor is obliged to submit the plan for reorganization no later than 30 days from the day of receiving the authorization.

(4) Upon a request of the bankruptcy trustee, i.e. creditor, the bankruptcy judge may extend the deadline for preparation of the plan for another 15 days.

(5) When the assembly of creditors at its first reporting assembly has obliged the bankruptcy trustee, i.e. creditor to prepare a plan for reorganization, the prepared plan shall be submitted to the bankruptcy trustee and the bankruptcy judge, and when the bankruptcy trustee is obliged pursuant to this law to prepare the plan for reorganization, he shall submit it to the bankruptcy judge and the board of creditors immediately after its preparation.

(6) If within the determined deadline from paragraphs (3) and (4) of this article, the plan for reorganization is not submitted, the bankruptcy judge shall adopt a decision by which the procedure shall continue immediately by cashing in the assets.

(7) In case when both, the bankruptcy trustee and the creditors, submitted plan for reorganization, the bankruptcy judge shall accept the plan for which the assembly of creditors, i.e. board of creditors has provided its consent.

Contents of the plan for reorganization prepared by the debtor

Article 215-b

(1) The plan for reorganization prepared by the debtor especially contains:

(1) Preparatory part and

(2) Content part in which the following shall be stated:

-Measures and means for realization of the plan, detailed description of the measures to be taken and the manner in which the reorganization will be carried out,

-List of creditors with a division of classes of creditors and criteria on the basis of which classes are formed,

-Amount of the monetary amounts or assets that will be used for full or partial settlement of the classes of creditors, including the secured and non-secured creditors, as well as the funds reserved for the creditors whose claim has been

disputed, the procedure for settlement of the creditors and time dynamics of payment,

- Description of the procedure for sale of the property by specifying the property that will be sold with a pledge right or without that property and the purpose of the revenues that will be realized from such sale,

- Deadlines for the implementation of the plan for reorganization,

- Clear indication that by accepting the plan for reorganization all rights and obligations of the creditors of the plan are defined exclusively in accordance with the provisions of the accepted plan for reorganization, including the situation in which the plan for reorganization is not fully implemented, i.e. in which the execution of the plan is stopped,

- List of members of the management bodies and their remuneration,

- List of the experts who were engaged and the amount of their remuneration,

- Name of an independent expert who supervises the implementation of the plan in the interest of all creditors covered by the plan and the manner in which this person will inform the creditors of the implementation of the plan for reorganization, as well as the amount and dynamics of payment of the reward for his work,

- Annual financial statements of the previous five years with the opinion of the auditor, if they were subject to audit,

- Financial projections, including the projected income statement, balance sheet and cash flow statement for the period of execution of the plan for reorganization,

- Date for the start of the plan for reorganization and

- Deadline for implementation of the plan for reorganization which cannot be longer than five years, except in cases when the measures for realization of the plan for reorganization refer to the foreseen repayment of claims in installments, change of maturity dates, interest rates or other conditions of the loan or other security or collateral, the repayment period of the loan or the loan taken during the duration of the preliminary procedure or in accordance with the plan for reorganization, as well as the maturity dates of the issued debt securities.

(2) The plan for reorganization prepared by the debtor, in addition to the items referred in paragraph (1) of this article, contains:

- 1) Provision determining that the claims of creditors which are not covered by the provisions of the plan for settlement of creditors will be settled in the same way and under the same conditions as the claims of other creditors of their class;

- 2) Statements verified by a notary from the majority creditors on the value of claims on each, with the plan, the foreseen class that they consent with the contents of the plan and are ready to vote for its acceptance;
- 3) Statement of the bankruptcy debtor for the reliability of the data and information specified in the plan;
- 4) Data on the procedure for the preparation of the plan for reorganization, including the data for sent notifications, the availability of information to creditors and the course of negotiations;
- 5) An extraordinary report of auditors on the state of trade books determined not later than 60 days prior to the date of submission of the prepared plan for reorganization with an overview of all claims and percentage share of each creditor in each class of the plan;
- 6) Statement of the auditor that the prepared plan for reorganization is enforceable and
- 7) Brief report on the expected significant developments in the operation after the day of preparation of the plan for reorganization and an overview of liabilities which are expected to mature in the next 90 days, as well as the manner of settlement of those obligations.

Submission of the plan for reorganization

Article 215- c

- (1) If the bankruptcy debtor, together with the proposal for opening a bankruptcy procedure submits plan for reorganization, with the proposal it must be stated that he proposes conducting of procedure for reorganization.
- (2) The bankruptcy debtor is obliged, together with the proposal referred in paragraph (1) of this article to submit proof that the conditions for opening a bankruptcy procedure are met, in accordance with article 5 of this Law.
- (3) The bankruptcy judge ex officio or upon a proposal from an interested party shall refuse the proposal for opening bankruptcy procedure and proposal for conducting reorganization upon the prepared plan for reorganization, if:
 - the plan is not in compliance with this Law,
 - the plan does not include the creditors who, if they have been included in the plan, may influence over the decision for adoption of the plan with their vote,
 - the plan is incomplete or it is not regular, and especially if the prepared plan for reorganization is not composed in accordance with the provisions of this Law regulating who can submit the plan for reorganization, the content

and deadline for submitting the plan for reorganization, and such deficiencies could have been removed, but are not removed within the time limit determined by the Bankruptcy Judge,

- Determines that the conditions for opening a bankruptcy procedure are not met.

(4) In cases when the prepared plan for reorganization contains deficiencies and technical mistakes which can be corrected, the bankruptcy judge shall order the bankruptcy debtor with a decision to complete the plan within eight days.

(5) If the debtor, within the determined deadline, did not act upon the order of the court, with a decision the bankruptcy judge shall refuse the proposal for opening a bankruptcy procedure with the prepared plan for reorganization.

(6) Appeal is not allowed against the decision of the bankruptcy judge for refusing the plan for reorganization.

Preliminary procedure for determining the conditions for carrying out of bankruptcy procedure upon prepared plan for reorganization

Article 215-d

(1) The bankruptcy judge within three days from the day of submission of complete proposal from article 215-c of this Law, shall adopt a decision for initiating a preliminary procedure for examination of the conditions for opening a bankruptcy procedure and reorganization procedure upon a prepared plan for reorganization with which it schedules a hearing for deciding on the proposal and voting for the plan at which it shall invite all known creditors of the bankruptcy debtor. The hearing shall be held within 60 days from the day of the adopting the decision, in which deadline the preliminary procedure should be completed.

(2) At the same time, the bankruptcy judge is obliged to adopt a decision with which it shall determine the measures for securing from articles 58 and 59 of this Law, by appointing an interim bankruptcy trustee. The interim bankruptcy trustee shall perform the duties determined with the decision of the bankruptcy judge, and if needed, may be obliged to examine all data on which the prepared plan for reorganization is based. Also, the bankruptcy judge in the course of the preliminary procedure may appoint other experts in order to determine the accuracy of data on which the plan for

reorganization is based. The appointment of the interim bankruptcy trustee is done by electronic selection of the bankruptcy trustees that have special knowledge in the field of the plan for reorganization.

(3) The bankruptcy judge together with the adoption of the decision from paragraph (2) of this article for determining measures for securing, shall also prepare an announcement. The announcement is published on the bulletin board of the court and in the Official Gazette of the Republic of Macedonia, as well as in at least two widely circulated daily newspapers that are distributed on the territory of the Republic of Macedonia, and when needed, it shall be also published in international media. The costs for publishing the announcements, as well as the other costs of the previous procedure of paragraph 1 of this article should be covered by the submitter of the proposal in amount determined by the court within three days after receiving the decision.

(4) In case the submitter of the proposal doesn't pay the advance, which may not be higher than 50.000 Denars within the deadline determined in paragraph (2) of this article, the bankruptcy judge shall adopt a decision with which it shall stop the previous procedure and reject the proposal.

(5) The announcement of paragraph (2) of this article besides the data of the decision for initiating previous procedure, must contain the following:

- informing the creditors that they may have an insight in the prepared plan for reorganization, deposited in the bankruptcy file and
- call to all interested participants that have remarks on the proposal of the prepared plan for reorganization disputing its content, and especially the basis or the amount of the covered claims, to submit those to the court and the debtor within 15 days from the day of publishing the announcement in "Official Gazette of Republic of Macedonia". The submitter of the plan is obliged to submit the response to the remarks to the competent court within eight days from the day of receipt of the remarks in the court.

(5) Appeal is not allowed against the decisions of the bankruptcy judge of paragraph (1), (2) and (3) of this article.

(6) In the course of the preliminary procedure the bankruptcy judge may schedule a hearing at which certain issues regarding the previously prepared reorganization plan shall be reviewed.

**Hearing for deciding upon the proposal for opening a procedure in
accordance with the prepared plan for reorganization**

Article 215 - e

- (1) For the needs of voting for the prepared plan for reorganization, it is considered that all liabilities of the bankruptcy debtor occurred before the submission of the prepared plan for reorganization shall mature on the day of holding the hearing for voting for the plan.
- (2) The interim bankruptcy trustee is obliged to make valuation of the amount of claims for the needs of the voting for the prepared reorganization plan.
- (3) If at the hearing, the creditors accepted the prepared plan for reorganization, in that case the bankruptcy judge shall adopt a decision with which it shall simultaneously open the bankruptcy procedure and approve the acceptance of the prepared plan for reorganization and stop the opened bankruptcy procedure.
- (4) If at the hearing the creditors did not accepted the prepared plan for reorganization, the bankruptcy judge shall adopt a decision with which it shall reject the proposal for opening bankruptcy procedure with previously prepared plan for reorganization.
- (5) The debtor is responsible for the damage it has caused to creditors, due to adopted decision for determining measures for securing, if in the submitted plan for reorganization it has included incorrect data, i.e. has omitted to provide data that are of importance for enacting the decision of the court.
- (6) The provisions of this law regulating the reorganization procedure and reorganization plan after opening of a bankruptcy procedure, except the provisions of articles 216, 220, 222, 225, 226, 227, 228, 229, 230, 231, 234, 236, 237, 239 paragraph (4), 241, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254 of this Law, shall be also applied in the procedure being conducted upon a prepared plan for reorganization.
- (7) The costs for preparation and submission of the previously prepared plan for reorganization are covered by proposer of the plan for reorganization.
- (8) The liabilities that occurred from the day of submission of the prepared plan for reorganization, until the day of holding the hearing for deciding upon the proposal and the prepared plan for reorganization, in case the plan was

accepted, shall be considered to be costs of the bankruptcy procedure, unless otherwise determined with the plan for reorganization.

(9) The Minister of Economy shall prescribe the manner and the content of the reorganization upon a prepared plan for reorganization.

Submitting a plan for reorganization

Article 216

(1) The entity authorized to submit a plan for reorganization is obliged to submit a plan for reorganization to the bankruptcy judge no later than 45 days after the day when the authorization is received.

(2) The bankruptcy judge may, upon a request from the authorized entity to submit a plan for reorganization, extend the deadline for preparation of the plan for 15 days. With a prior decision of the board of creditors adopted by two-thirds majority, the board of creditors may prolong the deadline for at most 60 days.

(3) When, at the reporting hearing, the assembly of creditors has instructed the authorized entity to prepare a plan for reorganization, the prepared plan for reorganization shall be submitted to the bankruptcy trustee and the bankruptcy judge, and where the bankruptcy trustee is obliged pursuant to this Law to prepare the plan for reorganization, the plan shall be submitted to the bankruptcy judge and to the board of creditors immediately after its preparation.

(4) If the plan for reorganization is not submitted within the determined period of time, the procedure shall continue with a decision for cashing in the debtor's assets, reached by the bankruptcy judge.

(5) If several different plans for reorganization are submitted, the bankruptcy judge will accept the one approved by the assembly of creditors or, if established, the board of creditors.

Contents of the plan

Article 217

The plan for reorganization shall contain a preparatory (declarative) and an implementation part. The documents stated in articles 219 and 224 of this Law shall be attached to the plan for reorganization.

Preparatory (declarative) part

Article 218

The preparatory (declarative) part of the plan for reorganization will describe the measures undertaken and the measures that are yet to be undertaken after the commencement of the bankruptcy procedure in order to create the basis for respecting the rights of the participants, information on the grounds and the effects of the bankruptcy plan, and other information that could be relevant for the creditors' decision concerning the acceptance of the plan and its approval by the bankruptcy judge.

Content of the plan for reorganization

Article 219

(1) The plan for reorganization contains (enforcing part):

- 1) measures and funds for realization of the plan, as well as a detailed description of the measures necessary to be undertaken and the manner of conducting the reorganization;
- 2) the amount of the monetary assets or the assets which shall serve for completion or partial settling according to the payment order, including the secured and unsecured creditors, as well as the procedure for settling of the claims and the temporal dynamics of their payment (settlement);
- 3) description of the procedure for selling the assets and listing the property to be sold with a pledge right or without it, and the purpose of the income realized with the sale, the deadlines in which the plan for reorganization shall be realized and the deadlines for realization of the key elements of the plan for reorganization;
- 4) list of the members of the management bodies and the amount of their remuneration;
- 5) list of the experts to be engaged and the amount of the reward for their work, as well as the amount of the reward for the work of the bankruptcy trustee;
- 6) the annual financial statements for the previous five years;
- 7) the financial projections, including the planned income statement, balance sheets and the report for cash flows for the next five years;
- 8) assessment of the financial amounts expected after the selling of the property in the bankruptcy procedure if the person is in a bankruptcy procedure;
- 9) the possibility of creating new debt of the debtor and types of guarantees which can be offered to the creditors and investors;

- 10) the amount up to which the debtor will be exempted from the current liabilities;
 - 11) defining the manner and distribution of the offered compensation;
 - 12) defining the organizational, managerial, legal, financial, technical and technological, and other measures for conducting of the plan for reorganization;
 - 13) the parts which may continue with their work, the employment and the scope of the settlement of the creditors if the plan for reorganization contains partial cashing of the property and the effects thus reached;
 - 14) the possibility of one or more creditors to settle the claims of the other creditors for realizing one of the manners of implementing the plan for reorganization determined in article 215 of this Law;
 - 15) date of the beginning of the application of the plan for reorganization;
- and
- 16) other data and contents, where it is determined with this Law;
- (2) If the plan for reorganization foresees only one creditor, or an entity to continue the operation of the debtor, in that case a written statement shall be attached to the plan, in which the above mentioned entity shall state that it will proceed with the work of the debtor and that it shall be responsible for the future obligations from that work.

Grouping of the creditors

Article 220

- (1) In the course of the establishment of the rights of the participants in the reorganization plan, a difference will be made between creditors with a right to separate settlement and creditors of higher payment rank, if the plan affects their rights;
- (2) The other creditors may organize themselves in groups according to their interests.
- (3) Within each group of creditors, all participants shall have equal rights.
- (4) Each different treatment of the participants that form a group will require the consent of all interested participants.

Secured creditors

Article 221

(1) Unless otherwise provided with the plan for reorganization, the plan shall not affect the rights of the secured creditors to be settled from the objects over which there is a relevant secured right.

(2) Unless otherwise provided with the plan, the contents of the plan for reorganization will define the percentage that will be paid to these creditors, i.e. the extent to which their rights shall be reduced, the details of the time periods for payment, or the deferred deadline for the payment of their claims, and all other kinds of provisions that will be obligatory for this type of creditors.

Liability of the debtor

Article 222

(1) Unless otherwise provided with the plan for reorganization, after the settlement of the creditors in the bankruptcy procedure in accordance with the provisions of the contents of the plan for reorganization, the debtor shall be released of his/her remaining liabilities towards those creditors.

(2) When the debtor is a trade company comprised of partners with unlimited liability, paragraph (1) of this article will apply to the personal unlimited liability of those partners accordingly as well.

Ownership and other property rights

Article 223

When the implementation of the plan for reorganization involves supplying, changing, transferring or alienating the ownership or other property rights over moveable objects or immovable property, the contents of the plan for reorganization must be accompanied by all the necessary legal statements of the participants' will. When the plan for reorganization refers to the immovable property and rights over immovable property, it shall contain the necessary instructions for all activities that need to be undertaken regarding the registration of those rights or burdens in the respective public books where the rights over the immovable property are booked. This provision will also apply accordingly to the rights registered in other respective registers.

Additional enclosures

Article 224

- (1) When the plan for reorganization provides that the debtor will continue to manage the business venture (the enterprise), and if the debtor is an individual, a statement of the debtor on his willingness to continue running the business venture (the enterprise) in a manner and under conditions defined in the proposed plan for reorganization will be enclosed to the plan. If the debtor is a trade company comprised of partners with unlimited liability, similar statements of all partners with unlimited liability shall be attached to the plan for reorganization. Such a statement by the debtor shall not be necessary where the debtor has submitted the plan for reorganization.
- (2) When the plan for reorganization provides that the creditors of the debtor will acquire stocks, share, rights or interests in a trade company, regardless of whether stocks, share, rights or interests in the debtor's enterprise, or in a third party are in question, statements of consent of all such creditors will be enclosed to the plan for reorganization.
- (3) When a third party agrees to assume the liabilities towards the creditors after the approval of the plan for reorganization, a statement of consent of that third party will be enclosed to the plan for reorganization.
- (4) If the plan for reorganization provides changes of the debtor's status (accession, merger, division), the statements of the legal entities to participate in the statutory changes shall be enclosed to the plan for reorganization.

Opinions on the plan

Article 225

- (1) The plan for reorganization will be submitted for the purpose of reviewing and obtaining an opinion of the board of creditors and the employees' representatives.
- (2) After receiving the plan for reorganization, the bankruptcy judge shall submit the plan to the board of creditors and the bankruptcy trustee for an opinion in a period of 15 days following the date of submission.

Cessation of the disposition and settlement

Article 226

(1) Upon request by the debtor or the bankruptcy trustee, the bankruptcy judge will order a cessation of the disposition or the distribution of the assets that comprises the bankruptcy estate with a decision, to the extent of which such disposition or distribution may threaten or harm the implementation of the plan for reorganization submitted.

(2) Upon a request by the debtor, the bankruptcy trustee, the board of creditors or the person that submitted the plan for reorganization, the bankruptcy judge by a decision will forbid commencement of a procedure for revoking the right to use the construction land without built objects on, when the construction land is part of the plan for reorganization.

Submitting the plan for reorganization

Article 227

The plan for reorganization together with its enclosures and all opinions received will be submitted to the court for inspection by the parties. The inspection term shall be eight days as of the date of submission of the plan to the court.

CHAPTER TWO

ACCEPTANCE AND APPROVAL OF THE PLAN FOR REORGANIZATION

Assembly for discussion and voting upon the proposed plan for reorganization

Article 228

(1) The bankruptcy judge shall call the assembly of creditors at which session the proposed plan for reorganization shall be discussed, and voted on (hereinafter referred to as: “assembly for discussion and voting upon the plan for reorganization”) within the next 3 days as of the date when the deadline for inspection of the plan for reorganization determined in Article 227 of this Law has expired.

(2) The assembly for discussion and voting upon the plan for reorganization will be held no less than 21 days and not longer than 30 days from the date of convening the assembly of creditors.

(3) The bankruptcy judge will announce the date of convening of the assembly referred to in paragraph (2) of this article, and will point out that the proposed plan for reorganization and the received opinions are available for inspection by all parties in the bankruptcy file.

(4) The bankruptcy creditors, the creditors with a right to separate settlement, the debtor and the representatives of the employees, will be notified of the convening of the assembly through its public announcement in one of three daily newspapers with the widest circulation distributed on the territory of the Republic of Macedonia and by placing it on the court’s notice board as well as in the debtor’s place of business.

(5) At the assembly referred to in paragraph (2) of this article the proposed plan for reorganization shall be discussed, the voting rights of the creditors shall be determined, and voting upon the proposed plan for reorganization shall be conducted.

**Integration of the investigation hearing with the Assembly for
discussion and voting upon the plan for reorganization**

Article 229

The assembly for discussion and voting upon the plan for reorganization cannot be convened before the investigation (verification) hearing is held. These two assemblies may be held at the same time.

Voting rights of the creditors with the right to separate settlement

Article 231

(1) If the legal status of the creditors with the right to separate settlement is contained in the plan for reorganization, the voting rights of each of these creditors will also be discussed separately at the assembly for discussion and voting upon the plan for reorganization. The right to vote will be given to each creditor with a right to separate settlement, if that right was not disputed neither by the bankruptcy trustee, neither by the creditors with a right of separate settlement, nor by the bankruptcy creditors. Article 48, paragraph (2) and paragraph (3), and article 120 of this Law shall apply to the disputed, deferred and not yet mature rights for separate settlement

(2) The creditors that until the occurrence of the reason for opening a bankruptcy procedure jointly owned one particular right or whose rights represented one right, when voting, shall be deemed as one creditor. The provision referring to this paragraph will be also applied when over the right there is a right to collateral or right to usufruct.

Necessary majority

Article 232

(1) The plan for reorganization shall be considered as accepted, if the plan is accepted with simple majority of the total amount of the claims of the creditors present at the assembly and if it is accepted with simple majority in all group of creditors, unless the plan determines a greater majority.

(2) The creditors may vote by mail with a statement verified by a notary where the legally authorized representative or an individual clearly stated that he votes for or against the adoption of the plan for reorganization. The vote given will be taken into consideration if the mail arrives prior to the commencement of the assembly session.

Prohibition on obstruction

Article 233

If the necessary majority has not been achieved during the voting, it will be considered that the voting group consisting of secured creditors has given its consent if:

- (1) The creditors who form this group shall not suffer any loss or damages by acceptance of the plan for reorganization, in comparison to their situation without that plan; and
- (2) The creditors who form this group, to some reasonable extent participate in the amount of economic value belonging to the participants in accordance with the provisions of the plan for reorganization.

Consent of the debtor

Article 234

It shall be deemed that the debtor has consented to the proposed plan for reorganization, if the latter did not oppose to the plan in writing by the day of the convening of the assembly for discussion and voting upon the plan for reorganization, or if he did not submit a special written statement to the bankruptcy judge.

Approval of the plan for reorganization

Article 235

- (1) After the creditors have accepted the reorganization plan, or after the consent of the debtor has been received, the proposed plan for reorganization needs to be approved by the bankruptcy judge.
- (2) The decision for approving the plan for reorganization includes the implementation part of the plan that the creditors have accepted.

Violation of the procedure

Article 236

The bankruptcy judge shall ex officio refuse to approve the proposed plan for reorganization if:

- 1) the provisions that regulate the contents of the plan for reorganization and the procedure for adopting the plan have not been respected, nor the provisions that regulate the adoption of the plan by the creditors and by the debtor, and the respective flaws may not be removed;

- 2) the proposed plan was adopted in an illicit way or through illicit means, and especially if the proposed plan for reorganization places some of the creditors in a more favorable situation;
- 3) the right to priority shall not be respected, unless the creditors agree otherwise;
- 4) all creditors of one group were not equally treated;
- 5) if a group of creditors is treated in a worse manner compared to the treatment received had the debtor been liquidated or the estate of the debtor had been cashed-in.
- 6) the plan is not prepared pursuant to this law.

Delivery of a court decision

Article 237

After the closure of the assembly for discussion and voting upon the plan for reorganization, the bankruptcy judge will, within 3 days from the day of the meeting, adopt a decision that approves or rejects the proposed plan for reorganization. This decision shall be delivered to the bankruptcy trustee, the debtor and to the bankruptcy creditors.

Appeal

Article 238

(1) An appeal against the bankruptcy judge's decision that approves or rejects the proposed plan for reorganization may be filed by the creditors or the debtor within 8 days.

(2) The debtor shall not oppose the plan for reorganization if:

- 1) by accepting the reorganization plan the debtor is not placed in an inconvenient position compared to his/her situation without that plan; and
- 2) none of the creditors accepts property benefit or other benefit that exceeds the full amount of his claim.

CHAPTER THREE

LEGAL EFFECT OF THE APPROVED PLAN FOR REORGANIZATION AND SUPERVISION OVER THE IMPLEMENTATION OF THE PLAN

Enforcement authorization and legal effect of the plan for reorganization

Article 239

(1) The final court decision by which the plan for reorganization is approved shall be an enforcement document. The person authorized by the plan for reorganization to implement the plan on the basis of the final decision under which the plan for reorganization is accepted shall have the right and responsibility to execute the plan and shall be obliged to submit an application for entry in the Trade Register, other registers and other public registers or public books, the Central Securities Depository, Securities and Exchange Committee and other bodies and institutions, if stipulated by a special regulation.

(2) After the court decision for approving the proposed plan for reorganization becomes effective, the provisions of the contents of the plan shall become binding on all participants. The statements given in accordance with article 224 paragraphs (2), (3) and (4) of this Law become enforceable.

(3) Paragraph (1) and (2) of this article shall also apply to everyone included in the plan for reorganization in any way, and which are the foundations of the basis of the creation, changes, cancellation, limitation or transfer of rights over objects and rights, or transfer of stocks and share.

(4) The provisions from paragraphs (1), (2) and (3) of this article shall also apply to the bankruptcy creditors who have not submitted their claims, as well as to the participants who voted against the proposed plan for reorganization.

(5) The plan for reorganization will not affect the rights that the creditors have against the debtor's joint co-debtors and guarantors in a bankruptcy procedure, nor will it affect the rights of these creditors over the objects or rights that are not a part of the property that comprises the bankruptcy estate.

(6) With the plan for reorganization, the debtor will be released from the claims of his joint co-debtors and guarantors, as well as from other claims of

recourse against him, in the same manner as he was released from the claims of the creditors in the bankruptcy procedure.

(7) When a creditor has received more than what had been guaranteed under the plan for reorganization, or when the creditor's claims have been settled in a larger percentage or in a shorter term than the one established in the plan, he is obliged to return the excess received.

Failure to fulfill the plan for reorganization

Article 240

(1) When the deadlines for payment have been postponed on the basis of the implementation part of the plan for reorganization, or it has been determined that the claims of the creditors in the bankruptcy procedure will be paid out in a reduced amount, the postponed deadlines for payment or the established percentage of payment of the claims will no longer be binding on the creditor if the debtor fails to perform to a significant extent his obligations to that creditor in the manner and under the conditions set in the Plan for reorganization. The failure to fulfill the obligations to a significant extent occurs only when the debtor does not make a payment to settle a mature claim, although the creditor had previously called him to do so with a written notice, leaving him a time period of at least fifteen days to fulfill the obligation.

(2) When a new bankruptcy procedure has been commenced over the debtor's assets prior the complete implementation of the plan for reorganization, the postponed deadlines for payment, or the percentage of payments of the claims determined in the unsuccessful plan for reorganization will no longer be binding on any of the creditors in the bankruptcy procedure.

(3) The plan for reorganization may also contain different provisions and may anticipate something else, but in no case shall the plan exclude the application of the provisions of paragraph (1) of this article to the detriment of the debtor.

Disputed claims – still unsettled claims

Article 241

(1) When a claim was disputed at the verification hearing, or when the part of the claim of a creditor with a right to separate settlement that will not be settled through separate settlement has not yet been determined, for the purposes of article 240, paragraph (1) of this Law, it shall not be assumed that the debtor failed to perform his obligations towards the relevant creditors to a significant extent during the implementation of the plan for reorganization, if the debtor has taken into account those claims by the final determination of the disputed claim, or by the final determination of the part of the claim of the secured creditor with right to separate settlement that was not settled after the separate settlement, to a degree that is determined as adequate by the decision of the bankruptcy judge with respect to the right to vote of those creditors for purposes of voting on the plan. If the judge has not yet reached a decision regarding the voting rights of the mentioned creditors, upon a request of the debtor or by the creditor, the bankruptcy judge will additionally determine the degree to which the debtor will temporarily take those claims into consideration.

(2) If the final determination of the amount of the claims shows that the debtor has not paid his debts completely, he will have to pay the rest of his debt, or the established claim that had previously been disputed and the part of the claim of the secured creditor with right to separate settlement that has not been settled with the separate settlement. It shall be assumed that the debtor has not fulfilled his obligations from the plan for reorganization to a significant extent only if the debtor has not paid the rest of the debt, although previously the creditor demanded to do so with a written notice, leaving him a time period of at least fifteen days for fulfillment .

(3) If the final determination of the amount of the claim shows that the debtor had paid a larger amount than the one claimed, or a larger percentage than is designated in the plan for reorganization, or that the debtor paid a claim that is not yet mature, he can ask for a return (restitution) of the extra amount paid, or the amount that was paid for settlement of the claim that according to the provisions of the Plan for reorganization was not yet matured.

Settlement in accordance with the plan

Article 242

(1) The bankruptcy creditors whose claims have been determined and have not been disputed by the debtor at the verification hearing may be executed against the debtor as an executive decision for settlement of their claims registered in the table (chart) of submitted claims in the legally approved reorganization plan. The disputed claims that have become enforceable later shall be treated as they have never been disputed. Article 204 of this Law shall be applied accordingly in this case.

(2) The provision of paragraph (1) of this article shall also be applied to the enforcements against a third party, if the third party along with a separate written statement, has provided a guaranty or together with the debtor had undertaken some other obligation regarding the implementation of the plan for reorganization and has delivered the same to the bankruptcy judge.

(3) When a creditor claims that the debtor has not fulfilled his obligations under the plan for reorganization to a significant degree, that creditor shall have to prove to the judge that he has made out a written demand to the debtor to fulfill his obligation, and that the foreseen time period has already passed, but he does not have to prove any other facts that would represent omission on behalf of the debtor in order to acquire an enforcement title for his claim and to require execution for settlement.

Conclusion of the bankruptcy procedure

Article 243

(1) After the decision of the bankruptcy judge for approving the proposed plan for reorganization becomes effective, the bankruptcy judge shall bring a special decision on concluding the bankruptcy procedure.

(2) Prior to the conclusion of the bankruptcy procedure, the bankruptcy trustee will settle the claims of the creditors of the bankruptcy estate, if they have not been disputed and shall provide security interest for the disputed claims.

(3) The bankruptcy judge will publish the decision by which he has concluded the bankruptcy procedure, together with the reasons for its conclusion. The debtor, the bankruptcy trustee, and the members of the board of creditors shall be notified on the day on which the conclusion of the bankruptcy procedure shall become effective in accordance with article 10

of this Law. Article 200 paragraph (2) of this Law shall also be applied accordingly in this case.

(4) The bankruptcy judge shall deliver the decision referred to in paragraph (3) of this article to the Trade Register or to the competent register, so that an appropriate entry is made in the Register.

Legal effect of the conclusion of the bankruptcy procedure

Article 244

(1) Unless otherwise provided by Law, the bankruptcy trustee and the members of the board of creditors have the authorizations of this Law, until the conclusion of the bankruptcy procedure. After the conclusion of the bankruptcy procedure, the entity that is being reorganized in accordance with the plan for reorganization acquires the right to undisrupted disposal and management with the property except for the property and rights that according to article 215, paragraph (3) and (4) of this Law are part of the approved plan for reorganization.

(2) Any provisions of this Law, regarding the supervision and control over the implementation of the plan for reorganization, remain in force until the date determined in the plan for reorganization.

(3) When the bankruptcy trustee files a lawsuit to dispute any of the debtor's legal actions in the course of the bankruptcy procedure, he can continue with the lawsuit upon the conclusion of the bankruptcy procedure, if the implementation part of the plan for reorganization contained such provision. In this case, the lawsuit shall be conducted at the debtor's expense, unless the plan for reorganization provides otherwise.

Supervision and control over the implementation of the plan for reorganization

Article 245

(1) The implementation (contents) part of the plan for reorganization may contain provisions that shall regulate the supervision and the control over the implementation of the plan for reorganization after the conclusion of the bankruptcy procedure.

(2) In the case referred to in paragraph (1) of this article, upon the conclusion of the bankruptcy procedure, control shall be made over the settlement of the

claims of the creditors against the debtor in accordance with the provisions of the implementation (contents) part of the plan for reorganization.

(3) If the contents part of the plan for reorganization provide for supervision, the supervision shall also encompass the settlement of claims of the creditors against trade companies, or, other legal entities founded after the commencement of the bankruptcy procedure in order to take over or continue to run the debtor's business activity (enterprise) or some portion of it.

Rights and responsibilities of the bankruptcy trustee

Article 246

(1) The supervision over the implementation of the plan for reorganization after the conclusion of the bankruptcy procedure may be entrusted to the bankruptcy trustee or to other persons (controller). For that purpose the authorizations and obligations of the bankruptcy trustee and of the members of the board of creditors, if such board has been founded, as well as the supervision of the bankruptcy judge will continue to exist. In this case, article 59, paragraph (4) of this Law shall be applied.

(2) While the supervision over the implementation of the plan for reorganization is in progress, at least once a year the bankruptcy trustee, or the controller shall submit reports to the board of creditors, if such board has been founded, and to the bankruptcy judge, describing the actual implementation and the expectations regarding the future implementation of the plan for reorganization. The board of creditors and the bankruptcy judge are entitled to ask for special information and other periodical reports from the bankruptcy trustee or the controller at any time.

Duty of the bankruptcy trustee for informing

Article 247

When the bankruptcy trustee establishes that the claims whose settlement is being supervised have not been settled yet or cannot be settled at all, he will inform the board of creditors and the bankruptcy judge thereof without delay. If no board of creditors has been founded, the bankruptcy trustee will inform all creditors, who in accordance with the implementation (contents) part of the plan for reorganization have established rights against the debtor and the company, or other legal entity that had taken over or continued to run the debtor's business venture or some portion of it.

Legal actions requiring prior approval

Article 248

The implementation (contents) part of the plan for reorganization may foresee that in the course of the supervision over the implementation of the same, the undertaking of certain legal actions by the debtor, trading company or other legal entity that had taken over the debtor's business venture, shall require a prior approval by the bankruptcy trustee. In this case, articles 140 and 141 of this Law shall be applied.

Maximum amount of the loan

Article 249

(1) The implementation (contents) part of the plan for reorganization can foresee a lower rank status for the bankruptcy creditors and higher rank status for the creditors whose claims arise from loans or from other credits issued during the supervision over the implementation of the plan for reorganization of the debtor or trade company or other legal entity that had taken over the debtor's business activity. In such cases, the implementation (contents) part of the plan for reorganization shall specifically define the maximum amount of those loans or other credits. The established maximum should not exceed the value of the objects and rights in possession of the debtor stated in the inventory of the debtor's assets that is an integral part of the plan for reorganization.

(2) The bankruptcy creditors can be of a lower rank, in accordance with paragraph (1) of this article, only in relation to those creditors whose claims arise from the loans issued after the conclusion of the bankruptcy procedure, and in the course of the supervision over the implementation of the plan for reorganization, and only if the amount of the principle, the interest and the costs of the loan does not exceed the established maximum. The agreement for a loan must be concluded in a written form and have the prior approval of the bankruptcy trustee or the controller.

(3) In this case article 118 paragraph (1) item 5 of this Law shall be applied.

Lower rank status of the new creditors

Article 250

The creditors, whose claims arise from a bilateral onerous contracts signed after the conclusion of the bankruptcy procedure but during the supervision over the implementation of the plan for reorganization, will also have a lower rank status in comparison to the creditors whose claims arise from loans issued in accordance with article 249 of this Law. Claims that were established before the conclusion of the bankruptcy procedure, arising from lease contracts, service contracts or employment contracts and from other similar more permanent obligations shall also receive a lower rank status if after the conclusion of the bankruptcy procedure, the bankruptcy trustee could have cancelled or terminate them, but he did not do so. These claims shall receive that lower rank status from the moment when the bankruptcy trustee could have cancelled or terminated the relevant contract.

Announcement of the supervision

Article 251

(1) When the implementation (contents) part of the plan for reorganization foresees that after the conclusion of the bankruptcy procedure, the bankruptcy trustee or the controller shall supervise the implementation of the plan, that fact shall be published together with the decision by which the bankruptcy judge has concluded the bankruptcy procedure.

(2) Along with the decision for closure of the bankruptcy procedure, the Bankruptcy judge shall also publish:

1) With reference to article 245, paragraph (3) of this Law, the facts that the supervision also refers to the trade company or another legal entity that has taken over or continued to run the debtor's business activity or some part of it;

2) With reference to article 248 of this Law, the criteria for determining the legal actions that require prior approval from the bankruptcy trustee;

3) With reference to article 249 of this Law, the maximum amount of the loan.

(3) In this case, articles 69, paragraph (6) and article 72, paragraph (2) of this Law shall apply as well. When with reference to article 248 of this Law, the right to transfer an immovable property, or the rights over those objects that are entered in adequate registers and other rights are subject to prior

approval, articles 69 paragraph (6) and article 72 paragraph (2) of this Law shall apply accordingly.

Termination of the supervision

Article 252

(1) The bankruptcy judge will adopt a special decision which shall terminate the supervision over the implementation of the plan for reorganization provided that:

- 1) The supervision referred to claims that have been completely settled, or for which adequate security for settlement has been provided; or
- 2) Three years have passed from the conclusion of the bankruptcy procedure, and there has not been a request for a commencement of a new bankruptcy procedure
- 3) The Court decision referred to in paragraph (1) of this article will be published. In this case article 251, paragraph (3) of this Law will apply accordingly.

Costs for the supervision

Article 253

The debtor will bear the costs for the supervision of the implementation of the plan for reorganization. In the case referred to in article 245, paragraph (3) of this Law, the trade company or the legal entity that has taken over the debtor's business activity shall bear the expenses for its own supervision.

Initiative for commencement of bankruptcy procedure

Article 254

(1) If during the supervision it is determined that the plan for reorganization is not being implemented, any bankruptcy creditor or the bankruptcy trustee may file a request for re-opening of the bankruptcy procedure. The request shall be filed to the bankruptcy judge. The request shall contain the explained reasons for re-opening of the bankruptcy procedure, which refer to the failure to implement the plan for reorganization.

(2) The bankruptcy judge will adopt a decision for commencement of bankruptcy procedure without the enforcement of the previous procedure for commencement of a bankruptcy procedure determined by this Law.

PART SEVEN

PERSONAL MANAGEMENT BY THE DEBTOR

Assumptions

Article 255

(1) At the hearing about the submitted proposal for commencement of bankruptcy procedure, or if that is foreseen with the plan for reorganization, the bankruptcy judge may allow the debtor - legal entity to manage and dispose with the assets that comprises the bankruptcy estate under the supervision of a trustee. In such case, in the decision for approval of the plan, the bankruptcy judge shall state that he will allow personal management under the supervision of a trustee. This procedure shall be subject to the general provisions on a bankruptcy procedure, as determined by this Law, unless otherwise determined with this part of the Law.

(2) The bankruptcy judge shall adopt a decision allowing personal management under the supervision of a trustee:

- 1) Upon a request made by the debtor; or
- 2) If the commencement of the bankruptcy procedure was requested by a creditor, with the consent of the creditor in relation to the request stated in item 1) of this paragraph; and
- 3) When the court is convinced that, with regard to the circumstances of the case, such decision will most probably not defer the procedure, or cause other damage to the creditors.
- 4) When that is foreseen with the plan for reorganization.

(3) In the case of paragraph (1) of this article, a trustee will be appointed instead of a bankruptcy trustee. The creditors in the bankruptcy procedure will submit their claims to the appointed trustee. In this case, the provisions from article 69, paragraph (6) and Article 72, paragraph (2) of this Law will not be applied.

Additional decision for personal management

Article 256

Regardless of the fact that the bankruptcy judge had rejected the request of the debtor for personal management of the assets that is comprised the bankruptcy estate under the supervision of a trustee, the bankruptcy judge may subsequently allow it, if after the commencement of the bankruptcy procedure, if, at the first meeting the assembly of creditors, the creditors request the bankruptcy judge to allow the debtor to manage the property personally. In such case, the previously appointed bankruptcy trustee may be appointed as trustee (administrator).

Revoking the court decision for personal management

Article 257

(1) The bankruptcy judge shall revoke the decision allowing personal management upon a request made by:

- 1) The Assembly of Creditors;
- 2) A creditor with the right to separate settlement or a bankruptcy creditor, but only if the danger as referred to in article 255, paragraph (2), item 3 of this Law does not exist; or
- 3) The debtor.

(2) The bankruptcy judge shall accept the request of a creditor only if the creditor convinces the bankruptcy judge that the personal management by the debtor under the supervision of a trustee shall defer the procedure, impedes the implementation of the plan for reorganization or cause other damage to the creditors. Prior reaching a decision upon the request of the creditor, the bankruptcy judge will hear the debtor. Against the decision adopted with regard to the request to revoke the personal management, the creditor and the debtor may file an appeal within eight days from the day the decision has been received.

(3) In the case referred to in paragraph (1) of this article, the trustee may be appointed as bankruptcy trustee.

Public announcement

Article 258

(1) The bankruptcy judge shall ex officio publish the decision for allowing personal management by the debtor and the decision for revoking such personal management, in accordance with article 10 of this Law.

(2) Copy of the decisions referred to in paragraph (1) of this article shall be delivered to the bodies that keep the registries i.e. the public books referred to in article 69 paragraph (6) and Article 72 paragraph (2) of this Law.

Legal status of the administrator

Article 259

(1) The provisions of this Law referring to the bankruptcy trustee also apply to the procedure for appointment of a trustee, to the supervision by the bankruptcy Judge, as well as to his responsibilities and remuneration.

(2) The trustee shall determine the debtor's economic and financial position and shall control the management of the business venture (enterprise) and the debtor's expenditures needed for his own support and living. In this case, article 59, paragraph (4) of this Law shall apply accordingly.

(3) If the trustee identifies or learns about certain circumstances that lead to the conclusion that further personal management on behalf of the debtor may damage the creditors or put them in a less favorable position, he shall immediately and without delay inform the board of creditors and the bankruptcy judge of these circumstances. If a board of creditors has not been established, the trustee will inform all bankruptcy creditors who have submitted claims and all creditors with a right to separate settlement on the relevant circumstances.

Prior approval of the trustee

Article 260

(1) When a trustee is appointed after the commencement of the bankruptcy procedure, the debtor may not undertake any legal action or activity that is not a part of his regular operations, without prior approval of the appointed trustee. The debtor should not undertake even those legal actions or activities that are part of the regular operation, if the trustee is opposed to the undertaking of that legal action or activity.

(2) The trustee can request to collect and make all money payments personally.

Consent of the Board of Creditors

Article 261

The debtor must receive prior approval from the board of creditors before engaging in any of the legal actions or activities that have special significance for the bankruptcy procedure. In this case articles 102, 103 and 106 of this Law shall apply accordingly.

Conditioning of the validity of the legal Action by obtaining prior approval

Article 262

(1) Upon a request made by the assembly of creditors, the bankruptcy judge shall make the assumption of certain legal actions by the debtor conditional by obtaining prior approval from the appointed trustee. In this case, articles 140 and 141 of this Law shall appropriately apply. When the trustee has given prior approval to the debtor assume an activity that creates obligations for the bankruptcy estate, article 36, paragraph (4), (5) and (6) of this Law shall apply appropriately.

(2) The bankruptcy judge may also make the completion of certain legal actions by the debtor conditional by obtaining the prior approval by the appointed trustee, upon a request made by a creditor with right to separate settlement, or upon a request made by a bankruptcy creditor, if such conditioning is urgently necessary for preventing damage to the creditors, or to prevent the debtor from putting them in a less favorable position. The bankruptcy judge shall accept the request of a creditor if he convinces the court of the urgency and the necessity of such conditioning.

(3) The bankruptcy judge publishes the decision by which the completion of certain legal actions by the debtor is conditioned with obtaining the prior approval of the trustee. In this case article 69, paragraph (6) and article 72, paragraph (2) of this Law shall apply accordingly. When the prior approval of the trustee is necessary for completing legal actions in relation to the transfer of immovable or objects registered in appropriate registers, regarding the rights over these objects or regarding the rights, article 69, paragraph (6) and article 72, paragraph (2) of this Law shall apply accordingly.

Means for life and support of the debtor

Article 263

(1) The debtor-individual may use from the bankruptcy estate funds necessary for the support of his family and himself, in accordance with article 156 of this Law.

(2) When the debtor is a trade company or other legal entity with partners with unlimited liability, paragraph (1) of this article shall be appropriately

applied to the partners with unlimited liability that were authorized to represent the debtor.

Liability for caused damage

Article 264

Only the trustee has the right to seek liability for the damage caused in accordance with articles 150 and 151 of this Law for the benefit of the bankruptcy estate, and only the trustee may challenge the debtor's legal actions in accordance with articles 172 through 188 of this Law.

Informing the creditors

Article 265

(1) The debtor shall make an inventory of the assets that comprises the bankruptcy estate, a list of the creditors, and an overview of the assets in accordance with articles 78 through 83 of this Law. The trustee will confirm the credibility and the comprehensiveness of the inventory, the list of creditors, and the overview of the assets, and he shall issue special written statements for each of the documents mentioned above stating whether the results of his control provide base to question the credibility or the comprehensives of those documents.

(2) On the meeting for submitting the report, the debtor submits a report on the economic and financial standing and the reasons for such standing. At the same meeting, the trustee will express his opinion in respect of the submitted report.

(3) The keeping and managing of the trade books, the accounts and other business documents and reports are debtor's obligation. The trustee shall confirm the credibility and the comprehensiveness of the debtor's annual accounts by making a separate written statement. In the written statement, the trustee is obliged to state all reasons that provide grounds for doubting the credibility and the comprehensiveness of the annual accounts.

Disposition of objects and rights over which there is right to separate settlement

Article 266

(1) The right of the bankruptcy trustee to dispose of the objects over which a right to separate settlement exists shall be given to the debtor in accordance

with articles 107 through 115 of this Law. Nevertheless, the debtor may not require settlement of the costs for determining the object and rights that encumber that object in accordance with article 113, paragraph (1) of this Law. Only necessary costs incurred during the disposition, and the amount of the transfer tax, may be taken into account as costs of disposition for the object.

- (2) The debtor shall dispose with the assets over which a right to a separate settlement exists together with the trustee.

Settlement of the bankruptcy creditors

Article 267

(1) The bankruptcy creditors, the debtor, or the appointed trustee may dispute the submitted claims. A claim that has been disputed by a bankruptcy creditor, by the debtor or by the appointed trustee shall not be considered as determined.

(2) The debtor shall make the distribution. The appointed trustee shall confirm the plan for the distribution and the plans for the advance, final and additional distributions, and in each of the above stated cases he shall make a special written statement concerning the manner of distribution and shall state all facts that may lead to a reasonable doubt that there are certain irregularities in the distribution.

Plan for Reorganization

Article 268

(1) If, when reviewing the proposal for commencement of a bankruptcy procedure, the bankruptcy judge allowed the debtor-legal entity to manage and dispose with the assets comprising the bankruptcy estate under the supervision of a trustee, the assembly of creditors may authorize the debtor or the trustee to prepare a plan for reorganization. If the assembly of creditors authorizes the debtor, the trustee shall act as a responsible person that may give mandatory guidelines and perform control.

(2) The appointed trustee shall control the implementation of the plan for reorganization after the bankruptcy procedure has been concluded.

PART EIGHT

**EXEMPTION FROM THE REMAINDER OF THE
LIABILITIES**

Basic provision

Article 269

In accordance with the provisions of the articles 270 through 286 of this Law, an individual debtor may ask to be exempted from the rest of his liabilities to bankruptcy creditors that were not settled in the procedure.

Request of the creditor

Article 270

(1) In order to be exempted from the remainder of his liabilities, the debtor shall file a separate request. This request shall be delivered to the bankruptcy judge in a written form before the meeting of the assembly for submitting the report is held. The request may be enclosed to the proposal for commencement of a bankruptcy procedure.

(2) The request will be accompanied by a statement in which the debtor waives his claims for salaries, compensation or other similar periodic payments that are owed to him according to the employment contract, service contract or other similar contracts that replace the same, to the trustee who shall be appointed by the bankruptcy judge for a period of six years after the completion of the bankruptcy procedure. If the debtor has already given up or has pledged those claims to a third person before filing the request for exemption of the rest of his liabilities, he shall designate the same in his statement.

(3) The contracts which exclude, condition or in other ways limit the waiver of the debtor's claims for payments arising from employment contracts, service contracts or other similar contracts, shall be null and void if they disable or in any other way harm the statement mentioned in paragraph (2) of this article by which such claims are waived.

Right to proposal

Article 271

The debtor and the creditors may propose to the bankruptcy judge a suitable individual to be appointed as trustee, by taking into account the circumstances of the case.

Decision of the bankruptcy judge

Article 272

(1) Upon a request of the debtor, at the final meeting of the assembly of creditors, the bankruptcy judge shall hear the bankruptcy creditors and the bankruptcy trustee. The bankruptcy judge shall issue a separate decision in relation to the debtor's request for exemption from the remainder of his liabilities.

(2) The debtor and any bankruptcy creditors, who opposed the debtor's request for exemption from the remainder of his liabilities at the final meeting, may file an appeal against the decision referred to in paragraph (1) of this article within eight days. The bankruptcy judge shall not conclude the bankruptcy procedure before the decision for exemption from the remainder of the liabilities becomes effective. The final court decision shall be published together with the decision by which the bankruptcy judge concluded the bankruptcy procedure.

(3) When the bankruptcy procedure has been concluded due to a lack of assets that would be included in the bankruptcy Estate, the bankruptcy judge may grant an exemption from the remainder of the debtor's liabilities only if, after the conclusion of the bankruptcy procedure, an additional distribution was done in a manner proscribed in article 209 of this Law.

Rejection of the request for exemption from the rest of the liabilities

Article 273

(1) The bankruptcy Judge shall reject the debtor's request and shall not make a decision for exemption of his remaining liabilities, if at the final meeting such rejection was requested by the bankruptcy creditor, and if:

1) The debtor has been found guilty of a criminal act against the property or a criminal act against the public finances, the payment operations or the economy by a effective court decision, while the legal consequences of that verdict are in force;

2) In the three years preceding the submission of the proposal for commencement of a bankruptcy procedure, or after the filing of that proposal, the debtor intentionally or by severe negligence has given a false or incomplete written statement regarding his economical and financial standing in order to obtain a loan or a grant from the budget or from other public funds, or in order to evade payments to the budget or other public funds;

3) The debtor had been granted an exemption from the rest of his liabilities in the past ten years before the proposal for commencement of the bankruptcy procedure was submitted, or after the submission of that proposal, or if the request for exemption from the rest of his liabilities was rejected in accordance with articles 279 or 280 of this Law;

4) If in the year preceding the date on which the proposal for the commencement of a bankruptcy procedure was filed, or after the filing of that proposal, the debtor deliberately or by severe negligence has threatened the settlement of the creditors in the bankruptcy procedure through engaging in some inadequate obligations, through profligate use of the property or through delay of the commencement of the bankruptcy procedure, while at that point there were no prospects that would indicate an improvement in his financial situation;

5) During the bankruptcy procedure, the debtor deliberately by severe negligence has failed in his duties to cooperate and to make all necessary information available in the manner and under the conditions proscribed with this Law; or

6) If the debtor deliberately or by severe negligence has given false or incomplete data on the inventory of the accessible property and incomes, in the list of creditors, or in the list of his debts that should be delivered.

(2) The bankruptcy judge shall accept the request made by a creditor not to exempt the debtor from the rest of his liabilities, only if that creditor presents a valid proof before the court for existence of reasons of why the bankruptcy judge should refuse to issue a decision for exemption of the debtor from the rest of his liabilities.

Notification on the exemption from the remainder of the liabilities

Article 274

(1) When none of the conditions referred to in article 273 of this Law exist, the bankruptcy judge shall issue a separate decision stating that the debtor shall be exempted from the remainder of his liabilities if he fulfils his obligations in accordance with article 278 of this Law, and if there are no prerequisites for rejection referred to in article 280 or in article 281 of this Law.

(2) With the decision referred to in paragraph (1) of this article the bankruptcy judge shall appoint a trustee to whom the debtor's claims of salaries, compensation or other similar claims that replace them shall be

ceded, in accordance with the statement of the debtor referred in article 270, paragraph (2) of this Law.

Legal status of the trustee

Article 275

(1) The debtor and the appointed trustee shall together inform the person obliged to pay the salaries, compensations or other similar periodical payments, of the waiver by the debtor. The appointed trustee is obliged to separate and keep separately the amounts he receives on the basis of these claims that are waived, as well as all other amounts paid by the debtor or by third persons, separately from his own assets and to distribute them once a year to the bankruptcy creditors in the manner and under the conditions that were established in the final report. From the amounts he had received on the basis of the claims that are waived and from the amounts received from the debtor or from a third person on any grounds, the appointed trustee shall pay out to the debtor ten percent after four years from the conclusion of the bankruptcy procedure, fifteen percent after five years from the conclusion of the bankruptcy procedure and twenty percent after six years.

(2) The assembly of creditors may entrust the appointed trustee to supervise the manner in which the debtor fulfils his obligations. In that case, the appointed trustee shall be obliged instantly to inform the creditors for each violation of those obligations. The trustee shall be obliged to perform such supervision only if the creditors undertake to advance or settle the additional expenses of the trustee for such supervision, and if they provide him a reward for the execution of this additional obligation.

(3) After the period for which he has been appointed is completed, the appointed trustee shall submit to the bankruptcy judge report of his work and a special final report. Articles 27 and 36 of this Law shall apply accordingly, whereas with the application of article 27 and 36 of this Law, each bankruptcy creditor can ask for dismissal of the trustee and each bankruptcy creditor can file an appeal within the prescribed period of eight days.

Reward for the trustee

Article 276

- (1) The trustee is entitled to a reward for his work and to remuneration of the real costs. The period and the volume of the tasks of the appointed trustee shall be taken into consideration when determining the amount of the reward.
- (2) In this case article 37 of this Law shall apply accordingly.

Equal treatment of the creditors

Article 277

- (1) While the debtor's statement for waiving of the claims is valid, an enforcement for settlement from the debtor's property shall not be allowed to individual bankruptcy creditors.
- (2) All contracts between the debtor or a third person and certain bankruptcy creditors, which provide some material benefit to that creditor or creditors, or by which they are put in a more favorable position, shall be null and void.
- (3) The person obliged to pay the salaries, compensation or other similar periodical payments, to which the debtor's statement for waiving refers, may offset these debtor's claims with claims that he has against the debtor. To these situations article 329, paragraphs (3) and (4) of the Law on Obligations (Contract Law) shall not be applied.

Liabilities of the debtor

Article 278

- (1) In the course of the waiving, the debtor shall be obliged to:
 - 1) Engage himself with adequate employment for salary or ask for such employment and should not refuse any reasonable activity;
 - 2) Transfer to the trustee half of the value of the ownership that he shall gain through inheritance or in relation to his future status of a successor;
 - 3) Immediately inform the bankruptcy judge and the appointed trustee on any change of the place of residence or place of employment; not to conceal salaries, compensation or other similar periodical payments to which the statement waiving refers, nor to conceal the material benefits accepted on the basis of item 2 of this paragraph, and upon a request made by the judge or the appointed trustee to provide a statement of his employment and of his efforts to find such employment, as well as a statement of his incomes and of his property; and

4) To deliver the amounts with which the bankruptcy creditors should be settled only to the appointed trustee, and not give any material benefits or other conveniences to any creditors that place them in a more favorable position.

(2) When the debtor has the status of a self-employed person, he shall be obliged to settle the bankruptcy creditors through payments made to the trustee, in exactly the same way as if he were a person employed by an employer.

Violation of the responsibilities

Article 279

(1) Upon a request made by a bankruptcy creditor, the bankruptcy judge shall refuse to grant an exemption from the remainder of the liabilities, if the debtor in the course of the waiving violates some of his responsibilities in a manner that threatens the settlement of the bankruptcy creditors. This provision shall not be applied when the debtor has violated his obligation for reasons beyond his control. The request of a creditor can be filed within one year from the day when the creditor became aware of the violation. The bankruptcy judge shall accept the request filed only if the creditor convinces the court of the existence of reasons due to which the debtor should not be exempted from the rest of his liabilities.

(2) Before the bankruptcy judge issues the decision regarding the request filed, the appointed trustee, the debtor and the bankruptcy creditors shall be heard. The debtor shall make available all data and documents related to the fulfillment of his obligations, and upon a request made by the creditor he shall confirm the credibility and the comprehensiveness of his statements by giving a separate statement in the minutes. The bankruptcy judge shall refuse to grant an exemption from the rest of his liabilities if the debtor fails to make the requested data and documents available without a justified reason, or he fails to submit the requested statement in the minute within the time period determined for that purpose, or if the debtor does not attend the appointed hearing without a justified reason, despite being properly notified by the court.

(3) Against the decision of the bankruptcy judge adopted in relation to the request for the exemption from the remaining obligation not to be allowed, the participant that filed that request and the debtor may file an appeal within

eight days against the decision of the bankruptcy judge. The bankruptcy judge shall publish the decision by which granting an exemption from the rest of his liabilities is refused.

Conviction for a criminal act

Article 280

(1) Upon a request of a creditor in a bankruptcy procedure, the bankruptcy judge shall refuse to grant exemption from the remainder of the debtor's liabilities, if in the period between the final meeting and the conclusion of the bankruptcy procedure, or during the period of the statement for waiving of future claims, the debtor is convicted of a criminal act referred to in article 273, paragraph (1), item 1 of this Law.

(2) In this case article 279, paragraphs (1) and (3) of this Law shall apply accordingly.

Minimum reward for the appointed trustee

Article 281

(1) Upon a request of the appointed trustee, the bankruptcy judge shall refuse to grant an exemption from the remainder of the liabilities if the amount that the trustee has received for the previous year as a reward for his work does not even cover the minimum reward and if the debtor does not pay the outstanding amount, despite the fact that the trustee had made a demand in writing for such payment from the debtor, giving him not less than fifteen days to fulfill his obligation. The demand should explicitly state the possibility that the bankruptcy judge may refuse to grant an exemption in case of default.

(2) The bankruptcy judge shall hear the debtor before bringing the decision in relation to the request made by the appointed trustee referred in paragraph (1) of this article. The bankruptcy judge shall grant an exemption to the debtor from the rest of his liabilities if the debtor, upon a request made by the bankruptcy judge, settles the part of the reward that has not yet been settled for the work of the appointed trustee within fifteen days.

(3) In the cases referred to in paragraph (1) and (2) of this article, article 279, paragraph (3) of this Law shall apply accordingly.

Legal consequences when the bankruptcy judge refused to grant an exemption to the debtor from the remainder of the liabilities

Article 282

When in accordance with the articles 279, 280 or 281 of this Law the bankruptcy judge refused to grant the debtor an exemption from the remainder of his liabilities, after the judge's decision becomes effective, the authorizations of the appointed trustee ceased, the waiving of the claims loses the legal effect and all limitations on the rights of the creditors cease.

Decision for Exemption from the Remainder of the Liabilities

Article 283

(1) When the time period in which the debtor's claims were ceded expires in a normal manner, after the hearing of the bankruptcy creditors, the trustee and the debtor, the bankruptcy judge shall bring a decision to exempt the debtor from the remainder of his liabilities.

(2) Upon a request of a creditor in the bankruptcy procedure, in accordance with the conditions referred in article 279, paragraphs (1) and (2), or article 280 of this Law, or upon a request made by the appointed trustee, the bankruptcy judge shall refuse to grant an exemption from the remainder of the liabilities in accordance with the conditions referred to in article 281 of this Law.

(3) The decision shall be published in accordance with article 10 of this Law, and if the debtor has been exempted from the remainder of the liabilities, an extract from the court decision shall be published in the Official Gazette of Republic of Macedonia. Within eight days, an appeal against the court decision may be filed by the debtor or a bankruptcy creditor who, at the hearing referred in paragraph (1) of this article, requested that the debtor should not be granted an exemption from the rest of the liabilities.

Legal effect of the exemption from the remainder of the liabilities

Article 284

(1) When the debtor has been exempted from the remainder of his liabilities, the exemption shall be binding for all bankruptcy creditors. The exemption shall also be binding on those creditors who have not reported their claims.

(2) The exemption of the debtor from the remainder of his liabilities does not interfere with the rights of the bankruptcy creditors against the debtor's

solidarity co-debtors, guarantors and recourse obligators, nor their rights to a separate settlement in the bankruptcy procedure. Nevertheless, the debtor shall be exempted from the claims of his joint co-debtors, guarantors and recourse subjects in precisely the same manner he has been exempted from the claims of the bankruptcy creditors.

(3) If after the exemption from the remainder of the liabilities the creditor that was not entitled to settlement and still received fulfillment of his claim, is not obliged to return what he had received.

Exempted claims

Article 285

The exemption from the remainder of the liabilities shall not apply to:

- 1) The debtor's liabilities arising from a deliberately caused damage and
- 2) Monetary penalties and other similar obligations in accordance with article 118, paragraph (1), item 3 of this Law.

Refusal for granting exemption from the remainder of the liabilities

Article 286

(1) Upon a request of a bankruptcy creditor, the bankruptcy judge shall refuse to grant an exemption from the remainder of the debtor's liabilities if the creditor additionally discovers that the debtor has deliberately violated some of the obligations, by which seriously threatened the settlement of the creditors in the Bankruptcy procedure.

(2) The bankruptcy judge shall accept the request referred to in paragraph 1 of this article only if the request is submitted within one year after the decision under which the debtor has been exempted from the rest of his obligations becomes effective, and only if the creditor convinces the court about the existence of a reason referred in paragraph (1) of this article, and that at the time when the court decision entered into force the creditor did not know about the existence of that reason.

(3) Before bringing the decision upon the request filed, the bankruptcy judge shall hear the debtor and the person appointed as a trustee. The debtor and the creditor who submitted the request referred to in paragraph (1) of this article may file an appeal against the court decision within eight days. The bankruptcy judge shall ex officio publish the decision for abolishing the exemption from the rest of the liabilities.

PART NINE

ORGANIZATION OF BANKRUPTCY TRUSTEES

Chamber of the Bankruptcy trustees, statute and bodies

Article 287

(1) The bankruptcy trustees on the territory of the Republic of Macedonia shall be organized in Chamber of Bankruptcy trustees of the Republic of Macedonia (hereinafter: the Chamber). The registered office of the Chamber shall be in Skopje.

(2) The Chamber has a Statute, Code of Conduct of the Bankruptcy trustees, professional standards and other regulations. The Statute of the Chamber regulates the organization, management, operation and financing of the Chamber as well as the internal control.

(3) The Code of Conduct of the Bankruptcy trustees regulates the rights and obligations of the bankruptcy trustees; the obligation for continuous education; the conditions under which the bankruptcy trustees have the capacity to take over the conducting of bankruptcy procedure; professional behavior and responsibility; conflict of interests; professional attitude toward the court, the Bodies of the bankruptcy procedure, toward the creditors and the debtor; mediation; respecting INSOL's (International Association of Chambers of Insolvency Professionals) principles and other issues.

(4) Bodies of the Chamber are the following: Assembly of the Chamber, Management Board of the Chamber, Supervisory Board of the Chamber and the President of the Chamber.

(5) The Chamber shall act as legal entity and shall be registered in the appropriate register of legal entities.

List (Register) of the bankruptcy trustees

Article 288

(1) The bankruptcy trustees that obtained a license, paid insurance in the manner determined by this Law and met all the other conditions determined by this Law for operating as a bankruptcy trustee shall be registered in the List (Register) of the Bankruptcy trustees.

(2) The bankruptcy trustee who has been imposed a disciplinary penalty of revoking the license for a bankruptcy trustee and in every other condition determined by this Law, shall be deleted from the List of the Bankruptcy trustees.

Assembly of the Chamber

Article 289

- (1) The Assembly of the Chamber shall consist of all the Bankruptcy trustees on the territory of the Republic of Macedonia.
- (2) The Assembly of the Chamber protects the honor and integrity of the performing of the activities of a bankruptcy trustee and ensures that the bankruptcy trustees perform their duties with due diligence and in accordance with this and any other Law, the Code of Conduct of the Bankruptcy trustees and the other regulations determined by this Law for operating as a Bankruptcy trustee.
- (3) The Assembly of the Chamber shall:
 - 1) adopt the Statute and other acts of the Chamber as well as its amendments, upon prior approval by the Minister for Economy;
 - 2) submit proposal to the Minister for Economy for the Code of Conduct of the Bankruptcy trustees, the professional standards necessary for conducting a bankruptcy procedure, as well as its amendments;
 - 3) elect members of the Management Board, the President of the Chamber and members of the other bodies of the Chamber;
 - 4) review proposals, requests and recommendations for successful performance of the bankruptcy trustees;
 - 5) decide upon the manner of organization of the professional training of the bankruptcy trustees;
 - 6) adopt an annual financial statement for the previous year and proposes a budget for the next year, review and adopt the report of the overall activities, prepared by the President of the Chamber;
 - 7) decide upon the membership fee, the manner of payment and its usage;
 - 8) decide upon the use of the funds realized from the fines according to the provisions of this Law;
 - 9) decide upon the manner of performing the audit (control) to determine whether every bankruptcy trustee has established appropriate system of internal control, appropriate system for management of the assets he is protecting and whether he is enabling proper management of the assets of the bankruptcy estate, whether he is acting in accordance with the Law, the Code of Conduct of the Bankruptcy trustees and other acts determined by this Law for performing the duty of a bankruptcy trustee;
 - 10) choose an auditor for the annual financial statement out of the independent auditors and

11) decide upon all other issues stipulated by Law and the Statute of the Chamber

(4) The Assembly of the Chamber meets regularly on an annual basis, in the first week of February. The meeting requires the presence of at least one half of the total number of the bankruptcy trustees, and decides with the majority of votes from those present.

(5) On the annual meeting the Assembly decides on the annual financial statement and the proposed budget and reviews and adopts the report for the overall activities of the bankruptcy trustees.

(6) A special meeting of the Assembly of the Chamber may be called by the President of the Chamber, on the basis of a decision of the Management Board or upon a written request of at least 20 members of the Chamber. If the President does not call the meeting within one month since the day the decision of the Management Board has been adopted or the request have been submitted by the members of the Chamber, the meeting shall be called by the member of the Management Board determined by this Body or the members of the Chamber that have submitted the request.

(7) Special meeting of the Assembly of the Chamber may be called by the Minister for Economy if the Management Board does not call a meeting within 30 days as of the day of the submission of the initiative for calling an Assembly filed by the Minister.

(8) The members of the Management Board, the President of the Chamber and the members of other bodies shall be elected for a period of three years, except the disciplinary bodies referred in article 294 of this Law.

(9) All costs for the performance of the activities of the bankruptcy trustees incurred within the frames of their duties in the bodies of the Chamber or in groups and Committees shall be borne by the Chamber.

(10) Unless otherwise stipulated by this Law, the organization, the competence, the composition, the manner of election, the rights and duties of the bodies of the Chamber shall be regulated by the Statute and the other acts of the Chamber.

Management board

Article 290

(1) The Management Board shall:

1) determine draft Statute and propose amendments to the Statute and the other acts of the Chamber;

2) take over and manages initiatives for issues that are of interest to the bankruptcy trustees, such as issues referring to social protection of the bankruptcy trustees, foundation of a solidarity fund for economic support of the bankruptcy trustees, as well as a fund for the help of people who are permanently trained for independent performance of the activity and for questions concerning the organization of the insurance of the bankruptcy trustees.

3) oversee the performance of the activities of the bankruptcy trustees;

4) adopt decisions upon the appeals against the decision of the Disciplinary Committee, adopted in a disciplinary procedure;

5) supervise the activities of the professional trainings of the bankruptcy trustees and issue a license for professional training on the basis of a document issued by the bankruptcy trustee at who the training was performed;

6) take care of the status of the bankruptcy trustees and the relations toward other bodies and generally toward third parties;

7) organize the continuous professional education of the bankruptcy trustees by organizing seminars and lectures for which an annual programmed is being prepared. The presence of the seminars and lectures is mandatory for all bankruptcy trustees and their unjustified absence shall represent a disciplinary offence;

8) keep a List of the Bankruptcy trustees in an electronic or other written form

9) prepare the sessions of the Assembly of the Chamber;

10) execute the decisions of the Assembly of the Chamber;

11) prepare a proposal for an annual financial statement and a proposal of the budget for the next year;

12) take care for collection of the membership fee;

13) decide upon other issues which under the law or under the Chamber's Statute fall within its competence, and also decide about issues that do not fall within the competence of another body of the Chamber.

(2) The number of the members of the Management Board shall be determined by the Assembly in accordance with the Statute. The number of

the members, including the President of the Chamber, shall be an odd number.

(3) The Management Board of the Chamber shall be called by the President of the Chamber or upon a request of one-third of the members of the Management Board. The quorum necessary for valid decision making at the sessions of the Management Board shall be more than one-half of the number of members of the Management Board. Decisions shall be made by a majority of the members Management Board present and voting. The Statute of the Chamber shall particularly stipulate the cases of valid decisions of the Chamber which require qualified majority.

(4) The President and the members of the Management Board shall perform their duties free of charge. They are entitled to reimbursement of the expenses they had while performing their duties. The Management Board of the Chamber shall decide upon that matter. The Management Board shall adopt an act on the amount and the manner of reimbursement of the travel costs.

Specialization of the bankruptcy trustees

Article 290-a

(1) The Chamber of bankruptcy trustees, in cooperation with the Ministry of Economy organizes separate specialist training and issues licenses for successfully completed training in the area of preparation and execution of the plan for reorganization.

(2) The program for the separate specialist training, as well as the programmed for taking the exam for obtaining license for specialist knowledge is adopted by the Minister of Economy, based on proposal by the Chamber of Bankruptcy Trustees.

(3) The exam for obtaining license for specialist knowledge is taken in front of the Committee comprised of three members, appointed upon proposal of the Minister of Economy, whereas one members is an individual- expert and competent individual in the area of bankruptcy and trade law, one managerial civil servant employed in the Ministry of Economy and one member from the certified valuers of the Chamber of valuers.

(4) The Minister of Economy appoints president and members of the Committee with a decision adopted in a period of eight days. The president and the members of the board are appointed for a period of four years. Members of the Committee for taking the exam for specialist knowledge are

entitled to reimbursement for the work in the Committee, determined by the Minister of Economy with decision, based on the number of candidates who applied for the exam and the costs determined for the specialist exam, as well as the time necessary for carrying out the exam.

(5) The list of bankruptcy trustees who obtained license for specialist knowledge in the area of reorganization are published on the web site of the Ministry of Economy and is part of the Register of bankruptcy trustees kept by the Ministry of Economy.

(6) The costs for carrying out the specialist training and taking the exam for obtaining license in the area of preparation of plan for reorganization, are borne by the candidates.

President of the Chamber

Article 291

(1) The President of the Chamber shall also be the President of the Management Board. The Management Board shall elect a vice-president of the Chamber out of its members.

(2) The President shall represent the Chamber. In case he is unable to perform the duty, the duties shall be performed by the vice-president, and if the vice-president is unable to perform the duties, the oldest member of the Management Board shall perform the same duties.

(3) The President of the Chamber shall:

- 1) resolve conflicts among the Bankruptcy trustees;
- 2) assure that the Chamber is acting in accordance with the law and
- 3) perform other activities stipulated with the Statute of the Chamber.

Supervisory Board

Article 291-a

(1) The Supervisory Board is consisted of three members, from who one is appointed as president.

(2) The Supervisory Board:

- Ensures that the Chamber's financial and economic activities are in compliance with the law;
- Performs periodical supervisions over the accounting and financial activities of the Chamber and
- Performs other activities stipulated with the Statute of the Chamber

Financing of the Chamber

Article 292

(1) The bankruptcy trustees shall mandatory pay an annual membership fee as a lump sum determined in the of one average salary paid in the Republic, and the bankruptcy trustees- legal entities in amount of three average salaries paid in the Republic of Macedonia in the preceding year.

(2) If the funds referred in paragraph (1) of this article are not sufficient to cover the performance of the work of the Chamber, the Assembly may change the amount of the fee according to the same proportion,.

(3) The Chamber shall generate income from donations and other sources that do not violate the independence and integrity for performing the activity of a bankruptcy trustee and the professional ethics of the Chamber.

(4) The acceptance of the donations shall be approved by the Management Board.

Competencies of the Minister for Economy

Article 293

(1) Supervision over the exercising of the public competencies of the Chamber shall be done ex officio by the Minister for Economy. Upon a request of the bankruptcy judge or a petition of an interested person, the Minister may order a audit of the operation of the Chamber, the bankruptcy trustees and may undertake necessary measures for removal and sanctioning of the identified irregularities in the performance of the function bankruptcy trustee and shall have no right to interfere in the bankruptcy procedure. The Chamber and the individuals are obliged to provide a review of the documents and books in their possession to the Minister for Economy. The President of the Chamber or a person authorized by the same shall be present while the Minister is performing the supervision.

(2) The Minister may authorize a person from the Ministry of Economy for conducting certain reviews.

(3) Every year (in February) the Chamber shall be obliged to submit a written report on its operations to the Minister for Economy, including opinions, proposals and positions concerning the condition of the bankruptcy trustees, as well as the proposal for the measures that should be taken for improvement of such conditions.

(4) Upon a request by the Minister for Economy, the State Audit Office may conduct the audit.

(5) The Minister for Economy shall give consent on the amendments of the Statute, the Code of Conduct and the professional standards.

(6) The Minister may request for convening a special meeting of the Assembly, dismiss the Management Board and replace the President of the Chamber, if he identifies severe irregularities in the performance of the work of these bodies, and if after the warning such irregularities have not been removed, or they constantly failed to fulfill their duties stipulated under the law. In the decision, the Minister shall determine a term for election of a new Management Board or a new President of the Chamber, and shall appoint a representative from the bankruptcy trustees who shall perform the duties of those bodies on an interim basis until the new bodies elected take over.

(7) The persons authorized for supervision may reprimand the bankruptcy trustees for light breaches of the duties and inappropriate conduct and may require the Chamber to undertake disciplinary measures whose pronouncement fall under the Chamber's competence. The bankruptcy trustee may file an appeal against the imposition of such sanctions with the Management board. The penalty of reprimand shall not affect the rights of the Disciplinary Council to initiate a disciplinary procedure. If disciplinary procedure is initiated, the reprimand shall have no legal effect.

(8) If upon the appeal referred in paragraph (7) of this article, the first instance court decision referring the reprimand has been annulled, a disciplinary procedure may be initiated for the same action only on the basis of facts and proofs which were not previously revealed in the procedure conducted by the supervisory body.

(9) In respect of the implementation of this Law, the Minister for Economy shall establish Advisory Body consisted of domestic and international experts and professionals covering the area of bankruptcy, commercial law and economics, and from the Government officials.

Disciplinary bodies

Article 294

(1) Disciplinary Bodies of the Chamber are the following: the Person proposing the initiation of the Disciplinary procedure and the Disciplinary Council. The Person proposing the initiation of the Disciplinary procedure

and the Disciplinary Council shall be elected by the Assembly of the Chamber with a mandate of 4 years, with a right to be re-elected once.

(2) The Disciplinary council shall conduct the Disciplinary procedure upon the proposal of the Person proposing the initiation of the Disciplinary procedure and shall adopt a decision.

(3) The Disciplinary procedure shall be regulated by the Statute and a Rulebook on Disciplinary procedure adopted by the Assembly.

(4) Other issues pertaining to the work of the Disciplinary council shall be regulated by the Statute and other acts of the Chamber.

Disciplinary Breaches and Sanctions

Article 295

(1) If in performing his duties or in his private life, the bankruptcy trustee, violates the honor and integrity or questions the trust and confidence in the bankruptcy trustees, if he breaches his professional duty, particularly if he performs his professional duties contrary to the law or intentionally postpones the same, he shall be sanctioned for the lack of diligence or disciplinary breach.

(2) The bankruptcy trustee may perform very serious breach and serious breach of the professional duty. The lack of diligence shall be considered as minor breach of the professional duty and shall not be considered as a disciplinary breach.

(3) The bankruptcy trustee commits a disciplinary breach if he:

1) Breaches the duties specified by this Law and seriously jeopardizes the trust in his impartiality and especially if engaging in a professional activity for which he is excluded according to law or if he breaches the duty of confidentiality (very severe breach)

2) Breaches the provisions of the Statute, Code of Ethics of bankruptcy trustees, professional standards and acts that regulate the liabilities of the bankruptcy trustee;

3) Breaches grievously the due observance of the courts and supervisory bodies (severe breach);

4) Fails to act in compliance with the effective decisions of the courts and other supervisory bodies (severe breach)

5) Keeps the records improperly, especially if he omits certain rubrics or performs his duties negligently (severe breach)

- 6) at a public sale or during some other procedure conducted by him as a bankruptcy trustee, purchases for himself or for his relatives property of the estate or inheritance or other rights (severe breach) and
- 7) performs for salary another full-time job or performs trade or middleman services or performs an occupation which is not in accordance with the honor, integrity or independence of a bankruptcy trustee, if he concludes contracts on his behalf or on behalf of other persons for his benefit, or participates in operations in which he assumes the professional responsibilities of a bankruptcy trustee, if he deposits the entrusted money in his account contrary to the provisions of this Law, if he assumes liabilities referring to guarantees or responsibilities in activities concluded with his participation as bankruptcy trustee (very severe breach);
- 8) Within one calendar year, violated the duty determined by this Law in at least three cases in which he was appointed, and therefore a decision was adopted for dismissing him from the position of a bankruptcy trustee, in accordance with article 36 of this Law by the bankruptcy judges acting in at least three different competent courts of jurisdiction on the territory of the Republic of Macedonia (very serious violation).

Penalties for disciplinary breaches

Article 296

(1) The penalties for disciplinary breaches of the bankruptcy trustees are the following:

- 1) verbal reprimand issued to the bankruptcy trustee in the presence of the President of the Chamber with a warning that such breach should not be repeated;
- 2) written reprimand which is placed for a period of 30 days on the door of the assembly room of the Chamber;
- 3) fine in an amount of up to three average salaries paid in the Republic, which can be paid in six equal monthly installments, at most;
- 4) temporary suspension of the right to operate as a bankruptcy trustee in duration ranging from one month to one year; and
- 5) proposal to the Minister of Economy for revoking of the license of the bankruptcy trustee.

(2) The penalties verbal reprimand and written warning shall be issued for minor breaches:

- the monetary fine shall be issued for serious breaches;

- the penalty temporary suspension of the right to operate as a bankruptcy trustee shall be issued for severe breaches;
 - the revocation of the license of the bankruptcy trustee shall be issued for very severe breaches and in every other cases stipulated in this Law for revocation of the license; and
 - in case the disciplinary breach is repeated in the period between one and five years, the more severe penalty shall be applied until the person reaches revocation of the license for bankruptcy trustee.
- (3) If by the committed breach the bankruptcy trustee illegally acquired proceeds, the fine shall be imposed in an amount at least twice the amount of the proceeds.
- (4) Against the decision of the Disciplinary Council, the bankruptcy trustee has the right to appeal to the Management Board within 8 days of the day of receipt of the decision. The appeal shall deter the enforcement of the decision for the imposed penalty until reaching a final decision upon the appeal which should be adopted within 15 days since the reception of the appeal.
- (5) When a decision referring to the appeal of paragraph (4) of this article has not been reached, or the bankruptcy trustee is not satisfied with the adopted decision on the appeal, in cases when penalties for severe and very severe breaches are imposed, the bankruptcy trustee shall have the right to initiate a dispute in front of a competent court within 15 days as of the day of the submission of the appeal, if a decision has not yet been reached, or the day when the final decision has been received.

Statute of limitations

Article 297

- (1) The statute of limitation period for initiating a disciplinary procedure shall be two years from the day of becoming aware of the breach, but not later than five years since the breach has been made.
- (2) The statute of limitation period shall commence as of the day of becoming aware that a disciplinary breach has been done.
- (3) The statute of limitation period shall be stopped by each procedural action undertaken for initiating a disciplinary procedure.

Enforcement of disciplinary decisions

Article 298

- (1) The effective decisions adopted in the disciplinary procedures shall be enforced by the Management Board.
- (2) The effective decisions adopted in the disciplinary procedures referring to the monetary fines and the costs of the procedure shall be regarded as an enforcement document and compulsory enforcement by the Management Board of the Chamber. The proceeds acquired by the compulsory enforcement shall be deposited on the account of the Chamber and may be used merely for the purpose of conducting professional training within the Chamber.
- (3) If the effective disciplinary decision imposes revoking the license, the bankruptcy trustee to whom such penalty refers shall be deleted from the register of the Chamber. The effective disciplinary decision that stipulates another penalty shall be registered in the register of bankruptcy trustees. The penalties such as verbal and written reprimand shall be deleted from the register after one year, the monetary penalty after three years and the other penalties after 5 years.
- (4) If the effective disciplinary decision imposes a revoking the license of a bankruptcy trustee, the Ministry of Economy shall publish the determined penalties in the Official Gazette of the Republic of Macedonia.

PART TEN

SPECIAL TYPES OF BANKRUPTCY PROCEDURES

CHAPTER ONE

BANKRUPTCY PROCEDURE OVER THE ASSETS OF A DECEASED PERSON – TRADER

Local Jurisdiction

Article 299

The Court on the territory where a deceased person (testator) had resided shall be competent for the initiating a bankruptcy procedure over the assets of this person. If the deceased person had a registered business with a headquarters in another place, competent court shall be the court on the territory where the headquarters are located.

Possibility for initiating a bankruptcy procedure

Article 300

- (1) The fact that the heirs have not yet accepted the inheritance or that they are personally unlimitedly accountable for the liabilities of the legacy, does not influence the initiation of the bankruptcy procedure for the property of the deceased.
- (2) If there are several heirs, the bankruptcy procedure may also be initiated after the division of the bequest.
- (3) Special separate bankruptcy procedures shall not be conducted for the different parts of the legacy.

Persons entitled to propose initiation of a bankruptcy procedure

Article 301

- (1) Each heir, procurator, person authorized to manage the property, executor of the will, or a creditor of the property may request an initiating a bankruptcy procedure over the legacy.
- (2) When the request for initiating a bankruptcy procedure was not filed by all of the heirs, the bankruptcy judge shall accept the request only if he determines that there are reasons for initiating the bankruptcy procedure. Before the decision is reached, the bankruptcy judge shall hear the other heirs as well.
- (3) When the legacy is managed by the person who has been appointed an executor of the will of the deceased, the bankruptcy judge shall hear that person, if the proposal for initiating a bankruptcy procedure has been filed

by an heir; or it will hear the heir, if the proposal has been filed by the person appointed to manage the property of the deceased.

Right to submit proposal for initiating a bankruptcy procedure over the mutual marital property

Article 302

(1) If the legacy is a part of mutual marital property, the proposal for initiating a bankruptcy procedure may be filed by the spouse who is an heir, or by the spouse who is not an heir, but who alone or together with the other spouse was managing and disposing the mutual property of the spouses. No prior permission from the other spouse shall be required to file a proposal for initiating a bankruptcy procedure. The spouses shall retain the right to file such a proposal even if the marriage has been divorced.

(2) If the proposal for initiating a bankruptcy procedure has not been filed by both spouses, the bankruptcy judge shall accept the proposal if he is convinced that there are some basic reasons for initiating the procedure. Prior to reaching the decision, the bankruptcy judge shall hear the spouse who does not agree with the filed proposal.

Deadline for filing the proposal for initiating a bankruptcy procedure

Article 303

The creditor of the legacy may file a proposal for initiating a bankruptcy procedure not later than two years after the acceptance of the inheritance by the heir.

Reasons for opening of a bankruptcy procedure

Article 304

The insolvency of the legacy shall represent a reason for initiating a bankruptcy procedure over the assets of the deceased person who had a status of a trader. The immediate future insolvency shall also represent a reason for initiating a bankruptcy procedure for the legacy if the proposal has been filed by an heir, a person that manages the legacy, a procurator, or an enforcer of the will.

Enforcement following the inheritance

Article 305

After the heir has accepted the inheritance, the enforcement for the purposes of securing the legacy does not provide the right to a separate settlement for the creditor that requested such enforcement.

Challenging the legal actions of the heirs

Article 306

If, before the initiating a bankruptcy procedure over the legacy, the heir has settled the claims of the other heirs to the share of the inheritance that belongs to them, or the legatees or the posthumous gifts to persons to whom they are addressed, these legal actions undertaken by the heir may be challenged in exactly the same way as the other free dispositions of that heir.

Expenses of the heir

Article 307

The heir may not refuse to meet any of the liabilities regarding the legacy, nor may request an offset of his obligations against his claims from the inheritance under the name of reimbursement of the expenses incurred.

Liabilities of the bankruptcy estate

Article 308

(1) Within the assets that comprise the bankruptcy estate, the following liabilities shall be treated as debts related to the bankruptcy estate:

- 1) Appropriately incurred expenses that should be compensated to the heir of the bankruptcy estate;
- 2) Expenses for the funeral of the deceased person;
- 3) Real expenses in relation to the procedure for reporting and declaring the death of the deceased person;
- 4) Expenses incurred in relation to the opening and announcement of the will of the deceased person related to the protection and conservation of the legacy of the deceased; possession over that legacy; publishing the notice to the creditors of the legacy of the deceased to submit claims, and to the list (inventory) of that legacy;
- 5) The liabilities arising from the legal actions undertaken by the administrator or by the executor of the will and
- 6) The liabilities arising from the regular management of the legacy of the deceased by the administrator, by the executor of the will, or by the heir who

did not accept the inheritance, to a degree to which these obligations would become a burden to the creditors of the inheritance of the deceased if any other person had been appointed to run that legacy on their account.

(2) In case when there are no assets that could comprise the bankruptcy estate, the liabilities stated in paragraph (1) of this article have a rank determined with article 207, paragraph (1), item 3 of this Law.

Obligations related to the legacy of the deceased

Article 309

In the bankruptcy procedure opened over the legacy of a deceased person, the creditors can report only those claims that are related to that legacy (the assets that comprises the bankruptcy estate).

Claims of the heirs

Article 310

(1) The heir can submit the claims that he had against the testator.

(2) If the heir had met the liabilities of the bankruptcy estate, the heir shall report his claim against that bankruptcy estate as a bankruptcy creditor, unless that heir is not personally unlimitedly liable for the obligations of the bankruptcy estate.

(3) If the heir is personally unlimitedly liable for the liabilities of the testator to some of the creditors of that legacy, the heir may submit a claim as a creditor in the bankruptcy proceeding opened over the estate of the testator, only if the creditor had not done so.

Article 311

Claims of lower rank

(1) The following claims shall be settled after the settlement of the claims stated in article 118 of this Law in the following order, whereas the equally ranked claims shall be settled proportionally to their amount:

- 1) Claims of heirs from the immediate family;
- 2) Claims of the inheritors and of the persons entitled to receive posthumous gifts that the testator had determined in his will;
- 3) Claims of persons who can take the place of the heirs.

(2) If the testator has determined in his will that one legatee shall be fulfilled before another legatee, or that one gift shall be delivered before another gift, such legatees and gifts shall have priority.

Article 312

Restitution of the objects

(1) The objects returned to the assets that comprise the bankruptcy estate after disputing the legal action of the heir, or in respect to such dispute, cannot be used for settlement of the claims stated in article 311, paragraph (1) of this Law.

(2) The objects that the heir is obliged to return to the assets that comprise the bankruptcy estate can be claimed by the creditors of the inheritance on the basis of the legal provisions that regulate the acquiring without grounds (unfounded enrichment).

Inherited disputes

Article 313

Article 306 of this Law shall be applied to the heir and, even when according to the provisions that regulate the inheriting, another person is replacing him.

Purchase of the inheritance

Article 314

(1) If the heir had sold the property of the testator, for the purposes of the bankruptcy procedure, the buyer of the inheritance shall replace the heir.

(2) The heir may require opening of bankruptcy procedure as a creditor of the inheritance for claims from the respective inheritance that arise from a bilateral onerous agreement concluded between the heir and the buyer of the inheritance. The heir shall also have the same rights in relation to the other claims of the inheritance, unless the heir is personally unlimitedly accountable for the liabilities of that legacy. Article 318 of this Law shall apply to the heir who sold the inheritance even after the sale.

(3) Paragraphs 1 and 2 of this article shall also apply to situations in which the person has sold the inheritance obtained through a contract, or in another way has taken over the liability to sell the inheritance obtained by force of law or in any other way.

Concomitant insolvency of the heir
Article 315

(1) In a bankruptcy procedure opened over the property of the heir, in a time when a bankruptcy procedure over the inheritance of the deceases is also conducted, articles 133, 191, 195, 198 and 230 of this Law shall accordingly apply to the creditors of the inheritance to whom the heir is personally and unlimitedly accountable for the liabilities of the inheritance.

(2) When one of the spouses is an heir, and the inheritance represents a part of the mutual marital property which is managed only by the other spouse, the provisions of paragraph (1) of this article shall also be applied in a bankruptcy procedure opened over the property of that other spouse. When one spouse is an heir, and the inheritance represents a part of the mutual marital property which the spouses managed and disposed of jointly and in agreement, the provisions of paragraph (1) of this article shall also be applied in a bankruptcy procedure opened over a mutual marital property and also in a bankruptcy procedure opened over the separate property of the spouse who is not an heir.

CHAPTER TWO

BANKRUPTCY PROCEDURE OVER THE MUTUAL PROPERTY OF THE SPOUSES

**Referring to the bankruptcy procedure opened over the property of a
deceased person**

Article 316

- (1) Articles 299 through 318 of this Law shall accordingly apply to the bankruptcy procedure opened over the mutual property of the spouses.
- (2) Only those creditors whose claims existed as claims of the mutual property of the spouses may appear as creditors in a bankruptcy procedure opened over a mutual marital property.

CHAPTER THREE

BANKRUPTCY PROCEDURE OVER THE MUTUAL MARITAL PROPERTY WHICH BOTH SPOUSES CONTRACTUALLY AND JOINTLY MANAGED AND DISPOSED WITH

Right to file request and grounds for opening of bankruptcy procedure

Article 317

(1) The opening of a bankruptcy procedure over the mutual property of spouses which was managed contractually and jointly by both spouses may be requested by any creditor who has the right to require fulfillment of the obligation from the mutual property of the spouses.

(2) The spouse also has a right to file a request for opening a bankruptcy procedure over the mutual property. If both spouses did not file the request, the bankruptcy judge shall accept the filed request only if he is convinced of the insolvency of the mutual property. Before the bankruptcy judge adopts the decision, he shall hear the other spouse. If both spouses have filed the request the directly impending insolvency shall also represent a ground for opening of bankruptcy procedure.

Personal liability of spouses

Article 318

(1) During the bankruptcy procedure, the personal liability of the spouses for the obligations of the mutual marital property may be requested only by the bankruptcy trustee or by the appointed administrator.

(2) In a case of a reorganization plan, article 222, paragraph (1) of this Law shall accordingly apply to the personal liability of the spouses.

PART ELEVEN

CROSS BORDER BANKRUPTCY

CHAPTER ONE

GENERAL PROVISIONS

Scope of Application

Article 319

(1) The provisions of cross-border bankruptcy shall apply when:

- 1) Assistance is sought by a foreign court or a foreign representative (foreign bankruptcy trustee, creditors etc.) regarding a foreign procedure;
- 2) A foreign state requests for assistance in relation with a procedure conducted in the Republic of Macedonia in accordance with this Law;
- 3) A foreign procedure is conducted simultaneously with a procedure conducted in the Republic of Macedonia based on this Law;
- 4) Creditors or other interested persons in a foreign state have a legal interest in requesting the commencement of, or are participating in a procedure in accordance with this law.

(2) The provisions of paragraph (1) of this article that refer to the international bankruptcy are not applicable.

CHAPTER TWO

INTERNATIONAL JURISDICTION OF THE COURTS OF REPUBLIC OF MACEDONIA

Exclusive international jurisdiction

Article 320

(1) The Court of the Republic of Macedonia shall be exclusively competent for conducting the bankruptcy procedure against the debtor whose registered headquarters are in the Republic of Macedonia.

(2) It shall be presumed that the debtor's major business operation is in the same place where his registered headquarters are located.

(3) The competent Court of the Republic of Macedonia shall be exclusively competent for conducting the bankruptcy procedure when it is proved that the debtor's major business operation is in a foreign state while his registered headquarters are in the Republic of Macedonia, if it is verified that the bankruptcy procedure against that debtor may not be opened according to the respective national legislation.

(4) The procedure from paragraph (1) of this article refers to all of the debtor's assets, regardless of whether they are in the Republic of Macedonia or in a foreign state (main bankruptcy procedure).

(5) When the debtor's registered office is in a foreign state and the major business operation is in the Republic of Macedonia, the bankruptcy procedure shall be an exclusive competence of the Court on which territory the debtor's centre of main interest is placed.

International jurisdiction in respect of a business unit, or the assets of a foreign debtor in Republic of Macedonia

Article 321

(1) If the Court of the Republic of Macedonia is not competent according to article 308, paragraph (1) of this Law, it shall be competent for conducting a bankruptcy procedure against the bankruptcy debtor, if that debtor has a branch office without the capacity of a legal entity in Republic of Macedonia.

(2) If the debtor's major business operations or business unit of the bankruptcy debtor are not located in Republic of Macedonia, but only the

property (real estate) is, a bankruptcy procedure in the Republic of Macedonia can be opened in the following cases:

1) When the bankruptcy procedure cannot be opened in the state where the debtor has its major business operations under the conditions prescribed in the respective national bankruptcy legislation, even though the reasons for bankruptcy exist;

2) If the respective legislation of the state where the debtor's major business operation is located states that the bankruptcy procedure shall refer only to the debtor's assets in that state;

3) If the opening of a bankruptcy procedure in the Republic of Macedonia is proposed according to article 315 of this Law and

4) If the opening of the special bankruptcy procedure in the Republic of Macedonia is proposed within the procedures for acknowledgement of the foreign Court's decision for opening of the bankruptcy procedure.

(3) The Court on the territory where the debtor's business unit is located shall be competent for conducting of the procedure from paragraphs (1) and (2), item 1, 2 and 3 of this article, and if the debtor has no business unit in the Republic of Macedonia, a competent court shall be the court where the debtor's assets are located.

(4) If several courts have local jurisdiction, the procedure shall be conducted by the court to which the proposal for opening of the bankruptcy procedure has been filed first.

(5) The procedure from paragraph (1) and (2) of this article refers only to the debtor's assets located in the Republic of Macedonia (Special bankruptcy procedure)

(6) If the bankruptcy procedure is already opened in the state where the debtor's main business is located, the court shall not examine the reasons for opening of a bankruptcy procedure, during the opening of a domestic bankruptcy procedure referred to in paragraphs (1) and (2) of this Article.

Basic principles

Article 322

The bankruptcy procedure and its legal effects shall be determined according to the respective national legislation of the state where the procedure is opened, unless this Law stipulates otherwise in the following provisions.

Rights to title over property and secured rights

Article 323

(1) The respective national legislation for acknowledgement of a foreign decision shall be applied on the rights to title over property and the secured rights over the assets located in the state of acknowledgement, if at the moment of opening of a procedure, these assets were not in the state of opening of the bankruptcy procedure.

(2) If the rights over the assets from the bankruptcy estate are registered in the public registers, it shall be considered that these assets are located in the state where the public registers are maintained.

Employment contracts

Article 324

Regarding the effects of the bankruptcy procedure over employment contracts, the bankruptcy law of the state regulating the employment contracts, shall be applied.

Calculations

Article 325

The creditor may keep what he had received in the special bankruptcy procedure opened in another state and which includes only the debtor's assets located in that state. The amount received shall be calculated in the bankruptcy estate that belongs to the main bankruptcy procedure after the deduction of the creditor's expenses for settlement of his claims in that special procedure. This calculation shall not be done if the creditor has partially settled the claims in the special bankruptcy procedure as a creditor with a right to a separate settlement or based on a permitted netting.

Cooperation between the bankruptcy trustees

Article 326

(1) The bankruptcy trustee in the bankruptcy procedure opened at the Court of the Republic of Macedonia and the bankruptcy trustee in the bankruptcy procedure opened in another country against the same bankruptcy debtor shall cooperate between each other. The trustees shall be obliged to share all legally permitted information that may be significant for the conduct of those procedures.

(2) The bankruptcy trustee in the main bankruptcy procedure opened in the Republic of Macedonia is obliged to submit the claim in the foreign procedure upon request and authorization of the creditor of the submitted claim.

CHAPTER THREE

PRESUMPTIONS AND PROCEDURE FOR ACKNOWLEDGEMENT OF A FOREIGN COURT DECISION FOR OPENING OF A BANKRUPTCY PROCEDURE

Application of general rules for acknowledgement of a foreign court decision

Article 327

(1) The general rules of the legislation in the Republic of Macedonia referring to the acknowledgement of foreign Court decisions shall accordingly apply to the acknowledgement of foreign court decisions for opening of a bankruptcy procedure, unless otherwise is stipulated with the provisions of this Law.

Territorial jurisdiction and composition of the court

Article 328

(1) The proposal for acknowledgement shall be submitted to the court in the Republic of Macedonia where the debtor's business unit is located, and if the debtor has no business unit in the Republic of Macedonia, to the Court on whose territory the debtor has assets or part of the assets.

(2) If the debtor has business units on territories of different courts, or has assets on the territory of different courts, the acknowledgement of the decision shall be in the jurisdiction of the court which has first received the proposal for opening of the bankruptcy procedure.

(3) If the debtor's assets in the Republic of Macedonia are consisted of a claim, it will be considered that the bankruptcy debtor's claim is located in the place where the bankruptcy debtor's debtors have their registered office or resident address.

(4) The competent court decides about the acknowledgement of a foreign court decision for opening a bankruptcy procedure, as well as for the opening of bankruptcy procedure in Republic of Macedonia based on a foreign decision.

Proposal for acknowledgement of a foreign decision for opening of a bankruptcy procedure

Article 329

(1) A foreign bankruptcy trustee or the creditor of the bankruptcy debtor may submit a proposal for acknowledgement of a foreign court decision or decision of another competent body for opening a bankruptcy procedure.

(2) The following shall be enclosed with the proposal for acknowledgement of a foreign decision for opening a bankruptcy procedure:

- 1) An original or certified copy of the decision, and certified translation;
- 2) A license from the authorized foreign body for its enforceability;
- 3) An inventory of all the known bankruptcy debtor's assets in the Republic of Macedonia and a list of all creditors with appropriate evidence.

(3) The court shall reject the proposal in which the enclosures stated in paragraph (2) of this article are not enclosed, unless the flaws are removed within given deadline.

Presumptions for acknowledgement of a foreign decision for opening of a bankruptcy procedure

Article 330

(1) The foreign decision for opening a bankruptcy procedure shall be acknowledged if:

- 1) The decision has been adopted by a competent court or the body that, according to the Macedonian Law, is authorized for cases with international elements;
- 2) The decision is enforceable according to the respective national legislation of the State where it is adopted, even if it is not a final decision;
- 3) The acknowledgement of the decision is not contrary to the public order of the Republic of Macedonia; and if
- 4) Reciprocity exists.

(2) The court shall refuse the proposal for acknowledgement of a foreign decision, if upon a complaint from the debtor or other participant in the procedure, it has found that the decision for opening of the procedure was not delivered to the debtor in accordance with the Law of the state where the decision has been adopted and if the debtor's basic rights to participate in the bankruptcy procedure have been violated.

(3) The foreign decision shall be acknowledged under conditions from paragraph (1), item 2 of this article even if it is not final.

Determining interim measures and prohibition of enforcement and insurance

Article 331

(1) The competent court may determine securing measures or appoint a temporary bankruptcy trustee, in accordance with the provisions of this Law for preliminary procedure, after submitting a proposal for acknowledgement of a foreign decision.

(2) Neither litigation procedure nor enforcement procedure and/or insurance procedure, where the bankruptcy debtor is a participant, shall be initiated while the procedure for acknowledgement is conducted, after the notice has been posted on the court's bulletin board according to article 337, paragraph (1) of this Law. The litigation procedures and the enforcement or insurance procedures that are conducted shall be terminated as of the day the notice is announced.

(3) By an exception pursuant to paragraph (2) of this article, the secured creditors and the creditors with rights to title over property referred in article 323 of this Law, may, during the acknowledgement procedure, initiate or continue the terminated enforcement procedure for the purpose of settling their claims against the claims of the foreign bankruptcy debtor, but only if the foreign bankruptcy trustee agrees thereto.

(4) The competent Court shall determine ex officio, that the proposal for acknowledgement of a foreign decision for opening of a bankruptcy procedure, as well as the decision for temporary measures or for appointment of the temporary bankruptcy trustee to be registered immediately in the appropriate public register.

Notice upon the proposal for acknowledgement

Article 332

(1) After receiving the proposal for acknowledgement of a foreign decision, the Court shall, without delay, publish the notice in the "Official Gazette of the Republic of Macedonia" and on the court's bulletin board. The notice shall contain:

- 1) Information on the court publishing the notice, the case reference number;
- 2) Information of the foreign decision whose acknowledgement is requested and its substantial contents;

3) Information on the bankruptcy trustee, as well as the decision for his appointment, and if he is not yet appointed, the decision for opening of a bankruptcy procedure;

4) An invitation (a summon) to the creditors, the foreign bankruptcy debtor and any other person with a legal interest, to file their claims to the court within 30 days of the publishing in the “Official Gazette of the Republic of Macedonia” and to enclose their opinions with the application on the existence of presumptions for recognizing the foreign decision and the possible obstacles during the settlement of the claims in the foreign bankruptcy procedure.

(2) The proposal for acknowledgement and the published notice from paragraph 1 of this article shall be delivered by the court to the foreign bankruptcy debtor, the foreign bankruptcy trustee and to those creditors with a known registered office or residence address in the Republic of Macedonia.

Exploring the presumptions for acknowledgement

Article 333

(1) The court shall be limited in exploring whether the presumptions for acknowledgement, stated in article 329, paragraphs (1) and (2) of this Law, are fulfilled, before it reaches the decision for acknowledgement of a foreign decision. The court may also require clarification from the body that issued the decision that is the subject of acknowledgements as well as from the participants in the procedure.

(2) The person that objects the acknowledgement during this procedure may be heard by the court.

(3) The court shall pay special attention to the request for an urgent decision upon the proposal for acknowledgement of the foreign decision.

Decision for acknowledgement

Article 334

(1) The decision for acknowledgement of the foreign decision for opening of the bankruptcy procedure has same effect towards the parties affected with it as the decision of the Court in the Republic of Macedonia for the opening of the bankruptcy procedure.

(2) In its decision from paragraph (1) of this article, the court shall state the legal effects of the acknowledged foreign decision.

(3) If the legal effect of the decision for acknowledgement of the foreign decision for opening of the bankruptcy procedure is opening a bankruptcy procedure in Republic of Macedonia, the decision for acknowledgement shall also have the legal effect as the decision for opening of a bankruptcy procedure.

(4) The acknowledgement of the foreign decision for opening of a bankruptcy procedure shall be announced in the “Official Gazette of the Republic of Macedonia”. The notice shall also be announced on the Court’s bulletin board.

(5) The decision from the paragraph (1) of this article shall be delivered to the person who filed the proposal, the foreign bankruptcy trustee, the bankruptcy debtor, the legal entities that conduct the payment operations on behalf of the debtor. The decision shall also be delivered to the bodies responsible for maintaining the public registers, and these bodies shall ex officio record the acknowledgement of the foreign decision for opening of the Bankruptcy procedure based on the delivered decision.

An appeal against the decision for acknowledgement

Article 335

(1) The foreign bankruptcy debtor, the foreign bankruptcy trustee and the creditors have a right to an appeal against the decision for acknowledgement of the foreign decision for opening of the bankruptcy procedure, within eight days from the day of receiving the decision.

(2) The appeal against the decision for acknowledgement of the foreign decision for opening of a bankruptcy procedure, does not withhold the enforcement of the decision.

The acknowledgement of the foreign decision on commencement of a bankruptcy procedure as a preliminary issue

Article 336

(1) If a special decision for acknowledgement of a foreign decision for opening of a bankruptcy procedure has not been made, each court may decide for the acknowledgement of that decision as a preliminary issue in the procedure, but this decision shall have effect only in that procedure.

(2) The legal effects of the acknowledgement of a foreign decision for opening of a bankruptcy procedure shall enter into force on the day when the

decision has been adopted in which the acknowledgement has been considered as a preliminary issue. Regarding other legal consequences, articles from 338 to 343 of this Law shall apply accordingly.

CHAPTER FOUR

VALIDITY OF A RECOGNIZED FOREIGN DECISION FOR OPENING A BANKRUPTCY PROCEDURE IN REPUBLIC OF MACEDONIA

Acknowledgement of a foreign decision in case of a previously opened bankruptcy procedure in the Republic of Macedonia

Article 337

(1) The foreign decision for opening of a bankruptcy procedure which meets the requirements for acknowledgement pursuant to article 330 of this Law shall be recognized even though, prior the filing of the proposal for acknowledgement, a bankruptcy procedure has been opened towards the debtor in the Republic of Macedonia in accordance with provisions of article 321, paragraphs (1) or (2) of this Law.

(2) The acknowledged foreign decision for opening of a bankruptcy procedure shall incur effects as provided for in articles 346 through 350 of this Law. The foreign bankruptcy trustee shall not dispute the claims determined in an already opened procedure in Republic of Macedonia.

(3) If, on the day of filing the proposal for acknowledgement of the foreign decision for opening of a bankruptcy procedure, the period of 15 days from the date of the advanced distribution of the bankruptcy estate in the bankruptcy procedure opened in Republic of Macedonia has expired, the distribution shall not be implemented on the basis of the decision for division adopted in a foreign bankruptcy procedure.

Acknowledgement without consequences upon the opening of the bankruptcy procedure in Republic of Macedonia

Article 338

(1) The validity of the acknowledged foreign decision for opening a bankruptcy procedure shall be determined according to the law of the state where the procedure has been opened, unless it is not in compliance with the basic principles of the bankruptcy law in Republic of Macedonia and unless otherwise stipulated in this law.

(2) The acknowledged foreign decision shall be valid as of the date of its publication on the court's bulletin board according to article 334, paragraph (4) of this Law.

Enforcement and security

Article 339

(1) The settlements resulting from an enforcement procedure in the Republic of Macedonia in the period between the date of opening of the foreign bankruptcy procedure and the date of publishing the notice on the proposal for acknowledgement the foreign decision for opening of bankruptcy procedure on the bulletin board in accordance with article 332, paragraph (1) of this law, as well as the rights to a separate settlement that were established at that time in an enforcement procedure or a procedure for providing security in Republic of Macedonia shall not have legal effect.

(2) In case of losing the legal effect in accordance with paragraph (1) of this article, the creditor shall be obliged to transfer to the bankruptcy trustee all proceeds arising from the enforcement procedure, or the procedure for providing security after deducting the expenses incurred in the enforcement procedure.

(3) The provisions provided in paragraphs (1) and (2) of this article shall not apply to the enforcement settlement or the enforcement procedure or the procedure for providing security to the newly established rights to a separate settlement of creditors referred to in article 323 and article 345, paragraph (1) of this Law.

(4) The provisions of paragraphs (1) and (2) of this article shall not apply, in accordance with the article 332, paragraph (1) of this Law, if more than one year has passed as of the date of the opening of a foreign bankruptcy procedure and the date of publication of the notice on the proposal for acknowledgement on the court's bulletin board.

Disposals of the bankruptcy debtor

Article 340

(1) The disposal of the bankruptcy debtor incurred between the date of opening the bankruptcy procedure and the date of publishing of the decision for acknowledgement of the foreign decision for opening of a bankruptcy procedure on the court's bulletin board, in accordance with the article 334,

paragraph (4) of this Law, shall lose legal effect if the disposal violates the interests of the bankruptcy debtor's creditors and if it is proved that the other party knew, or must have known that, at the moment of the disposal made by the bankruptcy debtor, a foreign bankruptcy procedure was initiated. The opposite party has the right to a counteraction from the bankruptcy estate if that increases the value of the bankruptcy estate.

(2) If the disposal of the bankruptcy debtor occurred after the publishing of the notice of the proposal for acknowledgement in the "Official Gazette of the Republic of Macedonia" in accordance with article 332, paragraph (1) of this Law, it shall be deemed that the other party knew, or must have known that, at the moment of the disposal made by the bankruptcy debtor, a foreign bankruptcy procedure was initiated.

(3) The disposals of the bankruptcy debtor assumed after the opening of the foreign bankruptcy procedure shall not lose their legal effect if they are subject to the general rules for protection of the trust in a public register. Such disposals may be disputed upon the respective legislation of the state in regards to disputing disposals.

Services in favor of the bankruptcy debtor

Article 341

(1) The person who has a registered headquarters or a resident address in Republic of Macedonia who is debtor of the foreign bankruptcy debtor, shall be obligated to inform the foreign bankruptcy debtor of his current liability and its date of maturing once he becomes aware of the foreign bankruptcy procedure.

(2) The person referred to in paragraph (1) of this article shall be obliged to pay his matured liability directly to the foreign bankruptcy debtor within eight days from the date of sending the notification to the foreign bankruptcy trustee, if the Court of the Republic of Macedonia up to that moment, in accordance with article 331, paragraph (1) of this Law, has not determined a safety measure nor appointed an interim bankruptcy trustee. The possible expenses for delaying the payment of the matured liabilities shall be deemed as expenses of the bankruptcy estate.

(3) If the liability toward the foreign bankruptcy debtor is directly settled in the period between the date of opening the bankruptcy procedure and the date of publication of the decision for acknowledgement of the foreign

decision for opening the bankruptcy procedure on the Court bulletin board pursuant to the article 334, paragraph (4) of this Law and without notifying the foreign bankruptcy trustee of the existence of the liability, the person referred in paragraph (1) of this article shall not be exempt from his liability if it is proven that at the moment of the direct clearance of the liability toward the foreign bankruptcy debtor knew or must have known that a foreign bankruptcy procedure was opened against him.

(4) If the liability toward the foreign bankruptcy debtor is directly settled after the publication of the notice on the proposal for acknowledgement in the “Official Gazette of the Republic of Macedonia” according to article 332, paragraph (1) of this Law, it shall be deemed that the debtor to the bankruptcy debtor knew or must have known that a foreign bankruptcy procedure was opened against him.

Netting

Article 342

(1) Netting shall not be allowed if the claim has been transferred between the date of opening of the bankruptcy procedure and the date of publication of the decision for acknowledgement of the foreign decision for opening of the bankruptcy procedure on the court’s bulletin board, according to article 334, paragraph (4) of this Law, and shall be proved that the new creditor, (cessionary) at the moment of transfer, knew or must have known that a foreign bankruptcy procedure was opened against the debtor.

(2) If the claim has been transferred after the publication of the notice of the proposal for acknowledgement in the “Official Gazette of the Republic of Macedonia”, according to article 332, paragraph (1) of this Law, it shall be deemed that the new creditor (cessionary) at the moment of transfer knew or must have known that a foreign bankruptcy procedure was opened against the debtor.

Privileged claims, creditors with title over property , and secured creditors

Article 343

(1) The acknowledgement of a foreign decision for opening a bankruptcy procedure shall not affect the right of creditors to settle their claims referred to in article 345, paragraph (1), items 1 and 2 of this Law in full, if the part

of the bankruptcy debtor's assets, which are not encumbered with rights of third parties who at the moment of publishing the decision for acknowledgement on the bulletin board, under article 334, paragraph (4) of this Law are in the Republic of Macedonia, is sufficient to provide for full settlement.

(2) For the purpose of exercising and securing their rights, the creditors referred in paragraph (1) of this article are entitled after the acknowledgement of the foreign decision for opening a bankruptcy procedure, to conduct a litigation procedure against the debtor's assets as well as a procedure for enforcement and securing.

(3) The creditors with title over property and the secured creditors referred in article 323 of this Law are entitled to initiate a litigation procedure and procedures for enforcement and securing in Republic of Macedonia under the conditions by which they could conduct them if a bankruptcy procedure has been opened in Republic of Macedonia.

(4) Upon the proposal of the foreign bankruptcy trustee, the competent enforcement body shall defer the enforcement referred to in paragraph (2) of this article, if it is necessary for settling the claims of the debtor's creditors in a larger percentage. The deferral may last up to three months with a possibility to determine a new deferral, but no longer than the first distribution in the foreign bankruptcy procedure. The competent enforcement body may, at any time, upon a proposal of the creditors or the foreign bankruptcy trustee revoke the deferral if the reasons thereof have ceased to exist.

Acknowledgement of a foreign decision resulting with opening of a bankruptcy procedure in Republic of Macedonia

Article 344

(1) In the proposal for acknowledgement of the foreign decision for opening a bankruptcy procedure, the foreign bankruptcy trustee or creditor may, as a direct legal consequence of acknowledgement, require the opening of a bankruptcy procedure in Republic of Macedonia. The bankruptcy trustee may require opening of a special bankruptcy procedure in Republic of Macedonia, by submitting a document addressed to the court within 15 days as of the date of the receipt of the written document referred to in article 348, paragraph (2) of this Law. The opening of that bankruptcy procedure may be

requested by the creditor with submission of a document addressed to the court pursuant to article 331, paragraph (1), item 4 of this Law.

(2) In the cases referred in paragraph (1) of this article, the legal effects shall be determined exclusively according to the bankruptcy legislation of Republic of Macedonia, unless the articles 322 to 326 and 345 to 350 of this Law stipulate otherwise. In such cases, articles 339 to 342 of this Law shall apply accordingly.

Opening of a special bankruptcy procedure in Republic of Macedonia upon creditors' proposal

Article 345

(1) The Court shall open a bankruptcy procedure upon the proposal of:

1) The competent fund for health insurance and the competent funds for pension and disability insurance for claims that, according to law, are mandatory allocated from the income or salary, as well as the bodies of the Republic of Macedonia and its units of local self-government and the Public Revenue Office and other claims that are part of the Budget income; and
2) The employees of the bankruptcy debtor with a permanent location of operations in Republic of Macedonia.

(2) Upon the proposal of the creditors that do not belong to the creditors pertaining to paragraph (1) of this article, the court shall open a bankruptcy procedure in Republic of Macedonia only if the creditor envisions particular difficulties while settling certain claims in the foreign bankruptcy procedure.

(3) By an exception from the provisions in paragraph (1) and (2) of this article for the purpose of reaching an equal and complete settlement of the creditors on an international level, the court shall not open a bankruptcy procedure in Republic of Macedonia if it establishes that the opening of that procedure, taking into consideration the size of the creditors' claims, referred to in paragraphs (1) and (2) of this article shall be economically unjustified. While considering the decision, the court may consult a foreign bankruptcy trustee.

Capacities of the foreign bankruptcy trustee

Article 346

(1) Besides the bankruptcy trustee of a special bankruptcy procedure, the creditors and the foreign bankruptcy trustee may also dispute the registered claims in that procedure.

(2) The foreign bankruptcy trustee shall also have the right to dispute and void the legal actions of the bankruptcy debtor in the bankruptcy procedure in Republic of Macedonia.

(3) The costs of the foreign bankruptcy trustee that shall arise in respect of the capacities referred to in paragraph (1) and (2) of this article shall not be deemed as costs of the bankruptcy procedure in the Republic of Macedonia.

Settling the creditors

Article 347

(1) After settling the costs and the rest of the liabilities arising from the bankruptcy estate, the creditors with title over property and the secured creditors, as well as the creditors referred to in article 345, paragraph (1) of this Law, the remainder of the bankruptcy estate shall be divided among the creditors in accordance with the decision for distribution that shall be adopted by the court based on the decision for distribution or appropriate grounds for distribution adopted in the foreign bankruptcy procedure. If during the preparation of the foreign decision or the grounds for distribution the claims determined in the bankruptcy procedure in Republic of Macedonia are not taken into consideration, the remainder of the bankruptcy estate shall be distributed by the court among the creditors whose claims are confirmed in the bankruptcy procedure in Republic of Macedonia having in mind the extent to which they are taken into consideration in the distribution of the bankruptcy estate in the foreign bankruptcy procedure.

(2) In the distribution of the remainder of the bankruptcy estate, the court shall not consider the foreign decision for distribution if the assigned distribution is a result of the application of rules which are contrary to the public order in Republic of Macedonia. The same is applicable when the foreign decision for distribution is not delivered to the court within the set deadline.

(3) The bankruptcy estate that shall remain after settling the creditors according to the provisions referred in paragraphs (1) and (2) of this article shall immediately be provided to the foreign bankruptcy trustee.

(4) If the bankruptcy estate is not sufficient to settle the claims in the bankruptcy procedure in Republic of Macedonia, in accordance with paragraphs (1) and (2) of this article, the creditors may settle the unsettled part of their claims only in the foreign bankruptcy procedure according to the rules of the foreign bankruptcy legislation.

Special bankruptcy procedure in a foreign state

Article 348

(1) If the creditor settles his claims partially in the special bankruptcy procedure that is opened against the bankruptcy debtor in a foreign state, and which includes only the assets of the bankruptcy debtor in that foreign state, the creditor may keep the proceeds from the claims settled. After the deduction of the costs that were incurred by the creditor for settling the claims in the foreign bankruptcy procedure, the proceeds in that procedure shall be included in the calculation of the percentage that belongs to the respective creditor in the special bankruptcy procedure in Republic of Macedonia. There shall be no such calculation if the creditor acquired the partial settlement in that foreign bankruptcy procedure as a secured creditor or on the grounds of a permitted clearing.

(2) The provisions referred to paragraph (1) of this article shall also be applied when the creditor has partially settled his claim through an enforcement procedure in a foreign state.

Reporting claims in a foreign bankruptcy procedure

Article 349

(1) The bankruptcy trustee in the special bankruptcy procedure initiated in Republic of Macedonia shall be obliged to report the registered claim of the creditor within the domestic procedure to the foreign bankruptcy procedure, if he is required to do so and if he is authorized by the creditor.

(2) The domestic bankruptcy trustee shall be authorized in the foreign main bankruptcy procedure to exercise the right to vote based on the reported claims in a special bankruptcy procedure in the Republic of Macedonia, if the creditor does not participate in the voting on that claim.

Cooperation among the bankruptcy trustees

Article 350

(1) Notwithstanding the mutual exchanges of notices according to article 342 of this Law, the bankruptcy trustee of the special bankruptcy procedure in Republic of Macedonia shall be obliged to enable the bankruptcy trustee of the main foreign bankruptcy procedure to state the manner for cashing in the assets of the bankruptcy debtor, which are included in the domestic special bankruptcy procedure.

(2) The plan for reorganization of the special bankruptcy procedure in the Republic of Macedonia shall be provided to the bankruptcy trustee of the main foreign bankruptcy procedure. The latter shall also be entitled to propose a plan for reorganization on the special bankruptcy procedure.

CHAPTER FIVE

DENIAL OF A FOREIGN DECISION FOR OPENING A BANKRUPTCY PROCEDURE

Rejection of a proposal for acknowledgement

Article 351

(1) If the court rejects the proposal for acknowledgement of a foreign decision for opening a bankruptcy procedure, upon the proposal of the creditors or the bankruptcy debtor, the court shall open a bankruptcy procedure in Republic of Macedonia, if that is necessary for an equal settlement of all the debtors' creditors.

(2) The proposal referred to paragraph (1) of this article may be filed within eight days as of the date of the publishing of the decision for refusal of the proposal for acknowledgement of the foreign decision on the court's bulletin board and in "Official Gazette of the Republic of Macedonia". That proposal may be contained in a written document submitted to the court according to article 332 paragraph (1) item 4 of this Law.

(3) The bankruptcy procedure referred in paragraph (1) of this article shall include only the assets of the bankruptcy debtor located in Republic of Macedonia.

Appeal

Article 352

(1) The foreign bankruptcy debtor, the foreign bankruptcy trustee and the creditors shall have the right to appeal the decision for rejecting the proposal for acknowledgement of the foreign decision for opening a bankruptcy procedure, within eight days as of the date of receipt of the decision.

(2) The appeal shall not prevent the enforcement of the decision.

Proposal for opening a bankruptcy procedure in case when the foreign Decision for opening a bankruptcy procedure cannot be acknowledged

Article 353

(1) Each creditor, as well as the bankruptcy debtor, shall be authorized to request an opening of a bankruptcy procedure in Republic of Macedonia regardless if main bankruptcy procedure is opened in a foreign state, if the

there are conditions to reject the proposal for acknowledgement of the foreign decision to open a bankruptcy procedure.

(2) The court shall allow opening a bankruptcy procedure in Republic of Macedonia in the case referred to in paragraph (1) of this article if that is required under the principle of equal settlement of the debtors' creditors.

(3) When deciding upon adopting the decision for opening a bankruptcy procedure referred to in paragraph (1) of this article, the court that was not able to acknowledge the foreign decision for opening a bankruptcy procedure shall decide in the same manner as with the previous issue.

(4) The bankruptcy procedure referred to in paragraph (1) of this article shall include only the assets of the bankruptcy debtor that are located in Republic of Macedonia.

CHAPTER SIX

FOREIGN SETTLEMENTS AND OTHER BANKRUPTCY PROCEDURES

Foreign decision for accepting settlements or foreign plan for reorganization

Article 354

The provisions of this Law for acknowledgement of a foreign decision for opening a bankruptcy procedure shall accordingly apply to the acknowledgement of a foreign decision approving the compulsory settlement or the plan for reorganization, as well as the acknowledgement of a foreign decision adopted in a similar procedure.

PART TWELVE
PUNITIVE PROVISIONS

Article 355

(1) A fine ranging from EUR 1,000 to 3,000 in Denar counter-value shall be levied against a debtor – legal entity for the following misdemeanors:

1) It undertakes some legal action or activity outside the frames of the regular operation, without prior approval from the appointed trustee, or if it undertakes legal actions or activities within the frames of the regular operation, but the trustee has opposed such action of operation (article 260, paragraph 1);

2) It undertakes legal action or activities that are of special importance to the bankruptcy procedure (article 261), and

3) It fails to submit the proposal for opening a bankruptcy procedure within 21 days as of the day the reasons for opening the bankruptcy procedure have occurred (article 51, paragraph (9)).

(2) A fine ranging from EUR 1,000 to 2,000 in Denar counter-value shall be levied against the person responsible at the debtor - legal entity for the misdemeanors specified in paragraph (1) of this article.

(3) In addition to the fine specified in paragraph (2) of this article, the responsible person of the legal entity, shall be prohibited from conducting responsible operations and assignments in duration ranging from three months to one year.

Article 356

(1) A fine ranging from EUR 500 to 1,500 in Denar counter-values shall be imposed by a competent court to the debtor- sole proprietor if:

1) He does not fulfill the obligations stipulated in article 278, paragraph (1) of this Law; and

2) He does make all data and documents concerning the fulfillment of his obligations available, or upon the request of the creditors he does not confirm the credibility and the comprehensiveness of his statements by providing a special separate statement in the minutes, pursuant to article 279, paragraph (2) of this Law.

(2) A fine ranging from EUR 300 to 500 in Denar counter-value shall be imposed to the responsible person of the debtor – sole proprietor for the misdemeanor provided in paragraph (1) of this Article.

Article 356-a

Fine ranging from EUR 1,000 to 3,000 in Denar counter- value shall be imposed to the bankruptcy trustee by the competent court if the bankruptcy trustee does not enter or does not record and deliver the necessary data referred in article 34 paragraph (5) of this law, in timely manner.

Article 356-b

The amount of the penalty shall be determined in accordance with the Law on Misdemeanors.

Article 357

Deleted

PART THIRTEEN

TRANSITIONAL AND FINAL PROVISIONS

Application of the current Law

Article 358

(1) The bankruptcy procedure opened until this Law comes into force shall be concluded in accordance with the rules that were applicable up to the day when this Law enters into force.

(2) The courts that pursuant to this Law are competent to conduct the bankruptcy procedures shall be obliged to submit to the Central Register, within 30 days as of the day of entering into force of this Law, all decisions on opened bankruptcy procedures which are not completed as of the day of entering into force of this Law, for the purpose of their registration in the Unique Trade Register.

Application of this Law

Article 359

This Law applies to the procedures for the proposals filed by the petitioners if a bankruptcy procedure was not opened before the date on which this Law enters into force.

Founding a chamber of bankruptcy trustees

Article 360

(1) The founding Assembly of the Chamber shall be convened when at least 20 persons who fulfilled the conditions for taking the exam, as determined under the law, shall pass the exam for bankruptcy trustee.

(2) The Founding Assembly shall be organized by the Minister of Economy at least eight days before the convening of the session of the founding Assembly of the Chamber.

(3) At the Founding Assembly of the Chamber the draft – Statute and the Rulebook for the disciplinary liability of the bankruptcy trustees proposed by the Minister of Economy shall be adopted. At the founding Assembly a proclamation for acceptance of the Code of Conduct of the Bankruptcy trustees and the professional standards necessary for conducting a bankruptcy procedure shall be adopted.

Exam for the bankruptcy trustees in the transitional period

Article 361

(1) The bankruptcy trustees who obtained a license for an certified bankruptcy trustee in accordance with the Bankruptcy Law (“Official Gazette of the Republic of Macedonia”, no. 55/97, 53/2000, 37/2002, and 17/2004) shall be entitled to obtain a license according to this Law, after the expiry of the six months term as of the day of the announcement of the regulations determined in article 362 of this Law if they have attended a course for certified bankruptcy trustees pursuant to the Program adopted by the Minister of Economy, in which the essence of the provisions of this Law, the Code of Ethics for the Bankruptcy trustees and the professional standards are incorporated and if they pass the exam for an certified bankruptcy trustee according to the provisions of this Law.

(2) The Committee for conducting the exam for an certified bankruptcy trustee shall be appointed by the Minister of Economy pursuant to article 23 of this Law, within 30 days as of the coming into force of this Law.

(3) The Minister of Economy shall be obliged to adopt the Program referred to in paragraph (1) of this article within 60 days as of the entering into force of this Law, upon a proposal by the Committee for conducting the exam for an certified bankruptcy trustee.

Adoption of special provisions foreseen by this Law

Article 362

(1) The Code of Conduct of the Bankruptcy trustees and the professional standards necessary for conducting a bankruptcy procedure shall be adopted by the Minister of Economy within 60 days as of the entering into force of this law

(2) The special provisions and regulations determined by this Law shall be adopted in a period of 3 months after entering into force of this law.

(3) Until the adoption of regulations set out in paragraph (1) of this article, the existing regulations shall apply.

Obtaining license for bankruptcy trustees

Article 363

(1) If the bankruptcy trustee who is conducting a bankruptcy procedure according to the provisions of the Law on compulsory settlement, bankruptcy

and liquidation (“Official Gazette of SFRJ”, no. 84/89) does not possess a license for an certified bankruptcy trustee obtained according to the Bankruptcy Law (“Official Gazette of the Republic of Macedonia”, no. 55/97, 53/2000, 37/2002, and 17/2004) as well as for an certified bankruptcy trustee according to the Bankruptcy Law (“Official Gazette of the Republic of Macedonia”, no. 55/97, 53/2000, 37/2002, and 17/2004) he/she shall continue his work and fulfill the duty of a bankruptcy trustee until obtaining a new license for an certified bankruptcy trustee according to the provisions of this Law, and within the term determined in article 361 paragraph (1) of this Law.

(2) For the bankruptcy trustee who is conducting a bankruptcy procedure in accordance with the laws referred in paragraph 1 of this article, as well as the bankruptcy trustee who shall not obtain a new license an certified bankruptcy trustee within the term and according to the provisions of this Law, the bankruptcy judge shall be obliged ex officio to dismiss the trustee and to appoint a new certified Bankruptcy trustee that meets the conditions for an certified bankruptcy trustee according to this Law, and the bankruptcy procedure shall continue according to the provisions by which it has been commenced.

Laws that cease to be valid

Article 364

On the day this Law becomes effective, the Bankruptcy Law (“Official Gazette of Republic of Macedonia” no. 55/97; 53/2000; 37/2002 and 17/2004) ceases to be valid.

Coming into force and beginning of the application

Article 365

This Law enter into force on the eighth day following its publication in the “Official Gazette of Republic of Macedonia”.

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Pursuant to article 24 paragraph 2 and article 24 paragraph 4 of the Bankruptcy Law (Official Gazette of the Republic of Macedonia no. 34/06), the Minister of Economy adopted:

RULEBOOK

On the Form And Content Of The License ff Certified Bankruptcy Trustee and License Of Certified Bankruptcy Trustee- Legal Entity

Article 1

The form and the content of the license for performing the work of a bankruptcy trustee and the license of bankruptcy trustee- legal entity are prescribed with this rulebook.

Article 2

The license for the certified bankruptcy trustee is in A-4 format, made from special conveyor white paper, pressed with dry seal.

The license for certified bankruptcy trustee contains the following text: Coat of Arms of Republic of Macedonia; Republic of Macedonia; Ministry of Economy; Legal basis for issuance of the license; LICENCE for operation as bankruptcy trustee; name and surname of the individual to which the license is being issued; unique citizen number; date and place of birth; duration of the license; number under which the issued license is registered in the Ministry of Economy; license number and issuance date; signature of the Minister of Economy and place for stamp.

Article 3

The license of the bankruptcy trustee- legal entity is issued in A-4 format document, made from special conveyor white paper, pressed with dry seal.

The license of the bankruptcy trustee- legal entity contains the following text: Coat of Arms of Republic of Macedonia; Republic of Macedonia; Ministry of Economy; Legal basis for issuance of the license; LICENCE for operating as bankruptcy trustee- legal entity; data on the registered office of the legal entity street and number; unique registration number; data and place of establishment; duration of the license; number under which the issued license is registered in the Ministry of Economy; license number and issuance date; signature of the Minister of Economy and place for stamp.

Article 4

The license of the certified bankruptcy trustee and license of the bankruptcy trustee- legal entity are prescribed in enclosure no.1 and enclosure no.2, which are integral part of this rulebook.

Article 5

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No. 07-7858/1
10 November 2006
Skopje

Minister,
Vera Rafajlovska, signature

Republic of Macedonia
MINISTRY OF ECONOMY

Pursuant to article 24 paragraph 3 of the Bankruptcy Law the
Minister of Economy grants:

L I C E N C E
for operating as bankruptcy trustee

To _____
with unique citizen number _____ born
on _____ year in _____ who fulfills the
conditions in accordance with the provisions of the Bankruptcy Law for
obtaining the license for operating as bankruptcy trustee.

The named individual obtained the license for bankruptcy trustee in
a period of two years and it is registered in the Ministry of Economy under
number _____.

No. _____
_____ 2006
S k o p j e

MINISTER OF ECONOMY,

place for stamp

Republic of Macedonia
MINISTRY OF ECONOMY

Pursuant to article 25 paragraph 4 of the Bankruptcy Law the Minister of
Economy grants:

L I C E N C E

For performing the work of bankruptcy trustee- legal entity

To the trade company _____
with unique registration number _____ with registered
office _____ in _____ which fulfills the conditions in
accordance with the Law on Bankruptcy for obtaining license for operating
as bankruptcy trustee.

The Company obtained the license for bankruptcy trustee for a
period of two years and it is registered in the Ministry of Economy under
number _____.

No. _____
_____ 2006
S k o p j e

MINISTER OF ECONOMY

Place for stamp

Pursuant to article 33 paragraph 4 of the Bankruptcy Law (“Official Gazette of the Republic of Macedonia” no. 34/06), the Minister of Economy adopted:

**RULEBOOK
ON THE FORM AND CONTENT
OF THE LEGITIMATION DOCUMENT OF THE BANKRUPTCY
TRUSTEE**

Article 1

The form and the content of the legitimation document of the bankruptcy trustee are prescribed with this rulebook.

Article 2

The legitimation of the bankruptcy trustee is with dimensions of 6.5 x 9 cm and is placed in threefold leather binding.

The legitimation of the bankruptcy trustee is plasticized with 120 micron mat plasticity and it is putted in the inner part of the leather case in a transparent plastic pocket.

The leather binding is made of smooth double stitched and additionally twisted black leather. It consists of three parts, whereas in the third part of the inner part there is a plastic pocket for the form. On the legitimacy, the leather binding is in dimensions 7.5 x 11.5 cm when folded.

Article 3

The front side of the legitimation contain the emblem, Republic of Macedonia, the Chamber of the Bankruptcy trustees, legitimacy, place for photo 2,5 x 3 cm, name and surname of the bankruptcy trustee, registry number, signature of the president of the Chamber of the Bankruptcy trustees and place for stamp of the Chamber.

The rear side contains the text: The holder of this legitimacy is authorized to perform all actions provided under the Bankruptcy Law and issuance date.

On the top of the external side of the leather binding the Coat of Arms of Republic of Macedonia is pressed, colored in yellow- golden color and underneath text with yellow golden letters “LEGITIMACY”.

On the inner middle side of the leather binding is putted emblem made of brass or similar metal with golden yellow color, relief processed

with recess and projection. The recessed parts are finished rustically to emphasize the smooth projection.

The emblem is in form of shield with dimensions five centimeters width and six centimeters height.

In the middle of the shield is shown a sword with scale, behind the sword and the scale are shown the rays of the flag of Republic of Macedonia.

At the bottom part under the sword and the scale is shown wreath on which in the middle the serial number of the emblem will be engraved, which number is identical with the registration number of the legitimation.

Article 4

The legitimations granted to the bankruptcy trustees are registered in the Chamber of Bankruptcy trustees.

Article 5

The legitimation is valid until the bankruptcy trustee has license for operating as bankruptcy trustee.

Provided that the bankruptcy trustee did not renew the license for bankruptcy trustee or lost the capacity of bankruptcy trustees determined with the Bankruptcy Law, he returns the legitimation to the Chamber of Bankruptcy trustees.

Article 6

In an event of loss of the legitimation, the bankruptcy trustee announces it for invalid at personal expense and notifies the president of the Chamber of Bankruptcy trustees on the relevant matter and new legitimation shall be issued.

The legitimation is replaced with new one in cases of dilapidation or damage, and changes in the personal data of the bankruptcy trustee

Article 7

The legitimations which are returned or replaced are destroyed.

Article 8

The legitimation of the bankruptcy trustees is prescribed in the enclosure which is integral part of the rulebook.

Article 9

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No. 07-7858/1

10 November 2006, S k o p j e

Minister,

Vera Rafajlovska, signature

Emblem



Enclosure
Front page



Republic of Macedonia
Chamber of bankruptcy trustees of
Republic of Macedonia

LEGITIMATION

The holder of this legitimation is entitled to perform all activities provided under the Bankruptcy Law ("Official Gazette of Republic of Macedonia" no.34/06)

Issuance date

Name

Surname

Bankruptcy trustee

reg.no. 0000

President of the chamber

Place for stamp

Pursuant to article 362 of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06) the Minister of Economy adopted:

**RULEBOOK
ON THE PROFESSIONAL STANDARDS OF THE BANKRUPTCY
PROCEDURE**

Article 1

This rulebook regulates the professional standards for conducting the bankruptcy procedure, as follows: Standard for cash management and management of bank accounts; Standard for inventory of the assets of the bankruptcy debtor, compiling a list of creditors; Standard for compiling the report of the bankruptcy trustee for the reporting session of the assembly; Standard for minimum data which the plan for reorganization submitted by the bankruptcy trustee should contain; Standard for performing control over the execution of the plan for reorganization; Standard for monthly report.

Article 2

The professional standards for conducting the bankruptcy procedure listed in article 1 are enclosed to this rulebook, as its integral part.

Article 3

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No.15-1433/1
26 February 2014
Skopje

Minister
Valon Saracini, signature

PROFESSIONAL STANDARD FOR CASH MANAGEMENT AND MANAGEMENT OF BANK ACCOUNTS

1. INTRODUCTION

The purpose of this standard is to provide the bankruptcy trustee with the ability to prove at any time that he managed the cash as part of the debtor's assets included in the bankruptcy estate with due diligence and as orderly and conscientious trader (professional), respectively, as well as that the cash was:

- 1) Protected from the attempt of creditors to be settled to greater extent than the statutory regulations for settlement; and
- 2) Separated from the other cash of the bankruptcy trustee and under his continuous supervision;

As other cash of the bankruptcy trustee are considered the cash of other clients of the bankruptcy trustee, as well as his personal cash.

2. STANDARDS

1. Internal control system

The bankruptcy trustee shall:

- 1) maintain the internal control system for recording the payments from the bankruptcy estate;
- 2) provide implementation of measures for protection of the internal control system;
- 3) perform periodical analysis and audit of the internal control system in order to ensure its impeccable operation

2. Management of the accounts and the cash which are part of the bankruptcy estate

1. The bankruptcy trustee, on the day subsequent to his appointment day, undertakes measures to determine in which banks the bankruptcy debtor has accounts and notifies them on the opening of the bankruptcy procedure in accordance with article 72 of the Bankruptcy Law. With the notification, the bankruptcy trustees encloses copy of the decision for opening bankruptcy procedure.

2. The bankruptcy trustee cannot request payments from the accounts of the bankruptcy debtor that were operational before opening the bankruptcy procedure, and the same should be closed, as consequence of the opening of the bankruptcy procedure.

3. Before opening new account for the needs of the bankruptcy procedure, the bankruptcy trustee shall perform all necessary research in order to estimate the financial stability and strength of the bank in which the new account shall be open.

4. Upon the measures taken in relation to the estimation of the financial stability of the bank, the bankruptcy trustee shall immediately open new account for the needs of the bankruptcy procedure. For opening the new account, the bankruptcy trustee shall notify the Central Register.

5. In case the bank in which the bankruptcy trustee had accounts which as legal consequence of the opening of the bankruptcy procedure are closed and the cash is not transferred, in such case the bankruptcy trustee undertakes measures the cash from the closed accounts to be transferred to new account, in accordance with article 79 of the Bankruptcy Law.

6. If the activities of the bankruptcy debtor are complex to the extent which based on bankruptcy trustees estimations, opening of several accounts, as well as foreign currency account is justified, the bankruptcy trustee can act accordingly and open several accounts and foreign currency account, in accordance with the legal regulations. For opening several bank accounts, the bankruptcy trustee shall notify the Central Registry.

7. The measures for internal control of the bankruptcy trustee over the management and use of the bank accounts depend from the amount of the funds on the account and the dynamic of the necessary financial transactions. The measures which the bankruptcy trustee undertakes when performing the internal control include:

- 1) Limitation of the authorization for signing on the accounts only for the bankruptcy trustees;
- 2) In case where a bankruptcy trustee- legal entity is appointed as bankruptcy trustee in the bankruptcy procedure, setting limitations of the amount of authorizations for other signatories, where several individuals are authorized for signing the accounts;

- 3) Introducing joint signing of the accounts in cases where a bankruptcy trustee- legal entity is appointed as bankruptcy trustee;
- 4) Use of separate accounts for different purposes, for example separate account for the ongoing business operations.

8. The balance of the bank accounts open for the needs of the bankruptcy procedure, as well as all changes in the balance are reconciled on monthly basis by an individual who is not authorized to manage the funds of the respective accounts.

9. The bankruptcy trustee is obliged to refuse any request made by the bank with which the bankruptcy trustee had business relation for settling the cash on the account of the bankruptcy debtor with the remaining debts of the bankruptcy debtor towards the bank

10. The bankruptcy trustee manages the cash on the account in a manner in which the following is ensured:

- a) protection from loss or misuse of the cash for providing collaterals in favor of third parties;
- b) timely depositing to bank accounts in favor of the bankruptcy estate;
- c) depositing to interest bearing account or other deposit income of the cash which shall not be immediately distributed to the creditors and which is not necessary for the ongoing management of the bankruptcy estate, except if the service costs and other related bank costs are higher than the interest on the respective cash assets.

11. The bankruptcy trustee is not entitled to invest the cash which is part of the bankruptcy estate in other financial instruments, except on the interest bearing account or other deposit income which is issued by the bank in which the bankruptcy debtor has open account.

12. The bankruptcy trustee is not entitled to use the cash assets even temporarily for purposes not related with the duties of the bankruptcy trustees in a specific bankruptcy procedure.

13. In case when the bankruptcy trustee is obliged to obtain consent or approval from the other bankruptcy procedure bodies before using the cash assets, he cannot start using the funds before obtaining the prescribed consent or approval

14. Each payment order issued from the bankruptcy debtor's bank accounts is signed by the bankruptcy trustee- individual or jointly by the bankruptcy trustees and other representatives when a bankruptcy trustee- legal entity is appointed as bankruptcy trustee in the bankruptcy procedure. Copy of the authorization and the signatory form must be enclosed in the records of the banking operations administered by the bankruptcy trustee.

15. The interest on the cash assets is part of the bankruptcy estate. The bankruptcy trustee shall endeavor to get the most favorable interest rate on the deposited cash assets.

16. The payment report contains data on the amount of the interest collected.

3. Banking and accounting evidence

17. The bankruptcy trustee, regardless the type and number of bank accounts, neatly administers:

- 1) Records on the completed payment orders and daily bank statements;
- 2) Appropriate books and records on all accounts on which all payments are presented, including the names of the individuals who performed or received payments, date, amount and the purpose of the payment;
- 3) Records on the purposes for the supporting documentation, including the payments;
- 4) Records on the methods for calculation of the interest and the amount of interest received during the month.

Eventual mistakes which are detected in the course of review of the account shall be corrected in a period of 30 days of the day when the mistake has been detected.

4. Reports

18. All data on the balance and changes of the bank accounts comprise the integral part of the monthly report prepared by the bankruptcy trustee and submitted to the board of creditors and the bankruptcy judge, in accordance with article 34 of the Bankruptcy Law.

5. Foreign currency

19. This professional standards is applicable for cash assets in foreign currency, with appropriate modifications, provided such need for modifications is related to specific regulation for banking operations and foreign currency.

6. Closing the account of the bankruptcy debtor

20. The final report for the final creditor's assembly contains table of the payments from the accounts in the course of the bankruptcy procedure. The final report contains detailed description of all interest collected, as well as estimated value of the costs for closing the account.

21. The bankruptcy trustee, in accordance with article 197 of the Bankruptcy Law, submits to the bankruptcy judge a separate report on the payments whereas the reasons for separating and depositing the cash accounts in the course of distribution of the bankruptcy estate are being explained, stating the persons entitled to this cash assets.

22. Upon the final distributions of the funds of the bankruptcy estate, the bankruptcy trustee is obliged to notify the bank and to request deletion of the account. In case there are funds which are not yet distributed due to any reasons determined by law, the bankruptcy trustee is obliged to deposit such funds as court deposit in accordance with article 200 paragraph 5 of the Bankruptcy Law.

23. The bankruptcy trustee keeps the records on banking activities which he administers for the bankruptcy estate, including the last bank statement, whereas the account balance is zero.

24. If the bankruptcy trustee transfer the control over the accounts to new authorized individuals for the purposes of carrying out the plan for reorganization, the bankruptcy trustee shall request appropriate statement and confirmation, which the bankruptcy trustee shall keep as part of its records on the banking activities in the bankruptcy procedure.

PROFESSIONAL STANDARD ON THE INVENTORY OF THE ASSETS OF THE BANKRUPTCY DEBTOR, COMPLYING LIST OF CREDITORS AND INITIAL BALANCE OF BANKRUPTCY

1. INTRODUCTION

The bankruptcy trustee is obliged to prepare complete and comprehensive inventory of the assets of the bankruptcy debtor, out of which he, as well as the other bodies of the bankruptcy procedure shall gain clear picture of the assets of the bankruptcy debtor, as well as assets' structure. Considering that the assets of the bankruptcy debtor embodies the rights toward third parties, the inventory of the assets of the bankruptcy debtor without exception encompasses the preparation of list of debtors of the bankruptcy debtor i.e. recording the claims of the bankruptcy debtor. The inventory of the assets of the bankruptcy debtor is not intended for simple recording of its assets, but, to the extent possible, for reflecting the potential value of the assets in case of its cashing in in the course of the bankruptcy procedure. The inventory and the valuation of the assets serve the bankruptcy trustee for preparation of the report on the economic- financial condition of the bankruptcy debtor intended for the reporting session of the assembly. With the inventory and valuation of the assets of the bankruptcy debtor, the bankruptcy trustee provides the creditors with key information on the real condition, the capacity and the possibilities of the bankruptcy debtor, based on which the creditors reach decision for the possibilities for preparation of plan for reorganization of the bankruptcy debtor.

At any time, the bankruptcy trustee should have in consideration that his duties, as determined with the law, are in the interest of keeping the bankruptcy estate and protection of the creditors' interests, as well as that the timely inventory and valuation of the assets are one of the key matters in the bankruptcy procedure. The bankruptcy trustee is obliged to determine the scope of the estimated value of the assets correctly and precisely. In this phase of the proceeding is equally important the creditors to know the possible market value of the assets. The inventory of the assets is of great significance for the creditors if, with the valuation of the property, the expected liquidation value and the market value as well as the book value are obtained.

The bankruptcy trustee is obliged to prepare precise list of creditors of the bankruptcy debtor based on the bookkeeping documentation and other

available documents. This obligation is preconditioned with the need for preparation as precisely and as correct as possible initial balance of bankruptcy.

The initial balance of bankruptcy embodies the inventory, the list of creditors and list of debtors of the bankruptcy debtor. The bankruptcy creditor may engage individuals employed with the bankruptcy debtor, as well as personal other associates, for faster realization of the inventory by taking into consideration the deadline for completing the inventory set by the Bankruptcy Law.

2. DEFINITIONS

1. The market value is based on the most available information which reflects the amount which the bankruptcy debtor could obtain on the day of the preparation of balance sheet alienation of specific asset in a transaction between two well-informed parties, confronted one another, after deducting the cost of the sale. In determining this amount, the bankruptcy trustee will take into account the outcome of a recent transaction involving a similar asset within the same economic sector.

2. The liquidation value is the estimated selling value under conditions applicable to bankruptcy procedure when creditors have decided to liquidate the assets. The costs of alienation, with the exception of the costs already recognized as liabilities, shall be excluded when determining the liquidation value. Examples of such costs are legal fees, certification fees, taxes related to the transaction, transport costs, as well as direct additional costs for bringing the assets in a state in which they can be sold.

3. STANDARDS

1. Upon the appointment, with decision the bankruptcy trustee forms central inventory committee, as well as other specific inventory committees, provided there is such need. For appointing the members of the committee, the bankruptcy trustee shall be guided by their expertise and confidentiality. From accounting perspective, the estate of the bankruptcy debtor represents the assets of the bankruptcy debtor.

2. In the course of the inventory, the bankruptcy judge or the board of creditors if the same is not established shall determine an expert entrusted with assessment of the market value and the liquidation value of the

immovable and movables assets which are part of the bankruptcy estate and which are subject to inventory. The valuation of the assets shall be determined by the bankruptcy trustees based on the estimated value in accordance with the international valuation standards.

3. The inventory committee records all assets that are located at the location of the bankruptcy debtor, including the securities. During the inventory, the inventory commission does not examine the ownership of the assets of the bankruptcy debtor. For the needs of the inventory, the valuation of the funds is conducted in accordance with the valuation standards.

4. If individual assets constitute a part of a particular functional unit and if they can function only as a whole, the inventory commission treats them as a whole during the inventory ie they are not valued separately.

5. An asset is recognized in the balance sheet when it is probable that future economic effects will occur in an enterprise and the asset has an acquiring value or cost value that can be reliably measured.

6. The inventories are measured at their purchase or liquidation value, if the latter is lower.

7. The valuation of the liquidation values is based on the most competent proofs at the moment of the preparation of the valuation in respect of the amount which is expected to be obtained with the sale of the inventory.

8. The market value can be determined when the assets are not traded on the active market. However, sometimes the market value could not be determined because there is no base for reliable valuation of the amount which can be obtained with the sale of the assets in transaction between well-informed parties, confronted one another. In such case, the current value of the assets can be taken as the amount of the assets which can be obtained.

9. The amount which can be obtained is determined for each asset separately, unless that asset generates cash inflows from continuing use which are largely independent of the cash flow of another asset or another group of assets. In such case, the amount that can be obtained is determined for the unit that creates a cash flow to which asset the unit belongs, unless:

1. The liquidation value of the assets is higher than their recorded amount;
2. It can be valued that the current value of the assets is approximate to their liquidation value and that the liquidation value can be determined

10. In certain situations, for example when the inventory is comprised of perishable things, a shortened valuation method can be used to determine approximate amounts, rather than a detailed valuation.

11. Best proof for the market value of the assets is the price of a collected purchase agreement in a transaction between mutually equitable parties,

corrected for additional costs that can be directly attributed to the alienated assets.

12. If there is no enforceable purchase agreement, but the assets are being traded on the active market for goods (stock), the liquidation value shall represent the market value of the assets, decreased for the costs of sale. Normally, the market value is the currently offered price by the customers. If the currently offered prices are not available, the price reached in the last transaction may serve as a basis for the valuation of the liquidation value, provided that there are no significant changes in the economic circumstances between the date of that transaction and the date on which the valuation is made.

13. This standard prescribes the forms for the minimum data needed for: inventory of the assets of the bankruptcy debtor (Form 1); list of debtors of the bankruptcy debtor (Form2); list of creditors (Form 3); Initial balance of bankruptcy (Form 4); and the same represent its integral part.

Form 1
INVENTORY
OF THE ASSETS OF THE BANKRUPTCY DEBTOR

Bankruptcy debtor: _____

Case number: _____

Value in denars

Ref. No.	description	type	Liquidation value
1.			
2.			

page ____ of ____

Form 2
LIST
OF DEBTORS OF THE BANKRUPTCY DEBTOR

Bankruptcy debtor: _____

Case number _____

Value in denars

Type S/NS	Principal debt	Interest until bankruptcy	Total obligations	Legal basis	Collateral

NS- non- secured, S- Secured
__ of __

page

Form 3**LIST OF CREDITORS**

Bankruptcy debtor:

Case number
Value in denars

Ref.no	Creditor (name/ surname/residence address)	Payment rank (PT, S, #)	Principal debt	Total liability	Legal basis/ reason	Assets in which there is PT/S claims and probable amount of settlement

PT – creditor with property title right, S - Secured,
page _ of _

Form 4

Bankruptcy
debtor: _____

Case number _____

Value in denars

Re f.n o	Assets/ liabilities	Valued
ASSETS ON WHICH THERE IS COLLATERAL		
1.		
2.		
3.		
TOTAL ASSESTS ON WHICH THERE IS COLLATERAL		
LIABILITIES TOWARDS THE SECURED CREDITORS		
		liabilities
1.	Creditor A	
2.	Creditor B	
3.	Creditor C	
TOTAL LIABILITIES TOWARDS THE SECURED CREDITORS		

VALUE NOT COVERED WITH THE COLLATERAL	
--	--

Ref .no	Asset-liability	Valuated
ASSETS		
1.	Cash and cash equivalents	
2.	Advances	
3.	Claims	
4.	Inventory	
5.	Other financial assets	
6.	Investments in related entities	
7.	Licenses	
8.	Property, plants and equipment	

TOTAL ASSETS		
LIABILITIES		
1.	Calculated expenses of the bankruptcy proceeding	
2.	Liabilities of a bankruptcy estate	
3.	Higher payment ranks	
4.	Bankruptcy creditors	
5.	Secured creditors as bankruptcy creditors	
6.	Claims of lower payment ranks	
TOTAL LIABILITIES		
OVERINDEBTNESS (FOR THE OWNERS OF THE CAPITAL)		

PROFFESIONAL STANDARD FOR COMPILING THE REPORT OF THE BANKRUPTCY TRUSTEE FOR THE REPORTING SESSION OF THE ASSEMBLY OF CREDITORS

1. INTRODUCTION

This standard defines the mandatory content of the report of the economic-financial condition of the bankruptcy debtor (hereinafter referred as “Report”), which the bankruptcy trustee submits to the reporting session of the assembly of creditors, in accordance with article 96 of the Bankruptcy Law.

The report which is submitted by the bankruptcy trustee is one of the most important documents in the bankruptcy procedure, as based of the submitted report, the creditors decide whether the business venture of the debtor shall be closed and liquidated or temporarily continued and the initiative for preparation of the plan for reorganization shall be accepted.

2. STANDARDS

Responsibility of the bankruptcy trustee to compile report

The bankruptcy trustee is entitled to order to the bankruptcy debtor to submit own report for the economic- financial condition. In such case, the bankruptcy trustee may the report of the bankruptcy debtor or its part to enclose with his report, clearly indicating that it is a report compiled by the bankruptcy debtor. However, the report of the bankruptcy debtor cannot constitute most of the bankruptcy trustee’s report, considering that the obligation to compile the report is exclusive competence of the bankruptcy trustee and only the bankruptcy trustee is responsible for the accuracy and completeness of the data specified in the report. The report submitted by the bankruptcy trustee contain: short history and standing of the bankruptcy debtor; description of the measures and activities undertaken by the bankruptcy trustee for management with the assets of the bankruptcy debtor; analysis and records of the documentation books of the bankruptcy debtor; the expected outcome in case of closure of the business venture and liquidation of the bankruptcy debtor and bankruptcy trustee’s opinion on the initiative for preparation of the plan for reorganization.

1. The short history and status of the bankruptcy debtor especially contains:

1. A brief presentation of the financial performance of the debtor for a period of at least the last five years, with particular reference to the profit or loss, as well as the levels of indebtedness trends;
2. The measures taken by the management in the period from sub-item 1) of this item for solving the problems that led to the inability for payment and opening of the bankruptcy procedure, that is, the measures undertaken in order to achieve better control of the revenues and expenditures, including information on the previous proposals for opening bankruptcy procedure and whether previous bankruptcy procedure have been initiated;
3. History of the ownership structure, as well as the current ownership structure of the bankruptcy debtor.

2. Description of the measures and activities undertaken by the bankruptcy trustees in the management of the bankruptcy debtor's assets especially contains:

1. A brief description of the initial balance of bankruptcy, with a mandatory review of the valuation of the property. The extended version of the initial balance of the bankruptcy, which includes the inventory of the assets of the bankruptcy debtor, the bankruptcy trustee attaches as an enclosure to the report;
2. Data on the level of cooperation or non-cooperation of the bankruptcy debtor, from the date of appointment of the bankruptcy trustee until the day of the submission of the report;
3. A brief description on the measures undertaken for securing the bankruptcy debtor's assets;
4. Description of the measures undertaken by the bankruptcy trustee for completing the commenced business activities of the bankruptcy debtor, with description on the achieved or expected results from such measures;
5. Other measures for protection of the bankruptcy debtor's assets (opening bank account, notifying all banks on the opening of the bankruptcy procedure, sealing the assets, notifying the debtors of the bankruptcy debtor, etc.)
6. Data on the insurance of the assets of the bankruptcy debtor's assets.

3. The analysis and records of the books and documentation of the bankruptcy trustee especially contain:

1. Balance of the business books and documentation of the debtor;
2. Parallel overview of the property registered in the business books of the bankruptcy debtor with the assets of the bankruptcy debtor for which, until the date of compiling the report, the bankruptcy trustee was able to take over in possession;
3. Legal matters of the bankruptcy debtor for which the bankruptcy trustee considers that can be challenged by repudiation;
4. Overview of the important discrepancies between the claims of the creditors known to the bankruptcy trustee at the moment of compiling the report and obligations recorded in the bankruptcy debtor's books;
5. Data on the financial transactions of the bankruptcy debtor with its related parties;
6. Data on the obligation of the bankruptcy debtor towards the tax and other state authorities;
7. Overview of the existing or potential issues in relation to the management of the bankruptcy debtor's assets;

4. The expected outcome in case of closure of the business venture and liquidation of the bankruptcy debtor especially contains:

- 1) Overview of the initial condition of the bankruptcy debtor, including explanation on the manner of compiling the overview;
- 2) Overview (scheme) of the expected settlements per creditors' payment ranks, based on the expected reduction of the initial balance, corrected for the amount of the estimated costs of the bankruptcy procedure.

5. The opinion of the bankruptcy trustee on the initiative for preparation of the plan for reorganization especially contains:

- 1) Description of the plans whose result could be more favorable for settlement of the creditors compared to the settlement of the creditors in a procedure for cashing the assets.
- 2) Parallel overview of the assumed settlements of the creditors in a procedure for closing the business venture and in reorganization procedure, prepared by creditors' payment ranks;
- 3) Detailed description of the assumptions on which the analysis on the feasibility of the plan for reorganization is based;
- 4) Detailed description of the conditions and measures necessary for achieving the results that will lead towards successful execution of the plan

for reorganization, including the possibility for additional financing, by finding financial sources;

5) Data on the level of possible support from the other participants in the bankruptcy procedure and especially possibility for obtaining support from the creditors with separate settlement rights if these data are important for the feasibility of the plan for reorganization.

Provided that the bankruptcy debtor has submitted plan for reorganization simultaneously with the proposal for opening bankruptcy procedure, the bankruptcy trustee is obliged to perform analysis on the submitted plan and to give an opinion on the feasibility of the plan for reorganization, containing all elements of sub- items from 1) to 5) of this item. If the bankruptcy trustee is aware of the intentions of the other management bodies of the bankruptcy trustee for submitting plan for reorganization, he is obliged to notify the creditors on the relevant matter and on the other findings related with the plan.

PROFFESIONAL STANDARD ON THE MINIMUM DATA WHICH THE PLAN FOR REORGANIZATON SUBMITTED BY THE BANKRUPTCY TRUSTEE SHOULD CONTAIN

1. INTRODUCTION

The adoption of economically rational decision for accepting or refusing the plan for reorganization is conditioned by previous complete, accurate and precise information to the creditors of all facts that can determine their decision on the proposed plan or can influence on the adoption of the relevant decision. In the event the reorganization plan is prepared and submitted by the bankruptcy trustee, the latter shall be obliged to submit credible, objective and complete information in the plan for reorganization.

The standards closely regulate the information which are important for the creditors, which are prepared by the bankruptcy trustees within the Plan for reorganization.

2. STANDARDS

Content of the plan for reorganization

1. The plan for reorganization should explain in clear, precise and unambiguous manner the reasons that led to deterioration of the debtor's financial position, to provide data on how long the insolvent debtor has been working with financial difficulties, as well as to contain the basic information on how these reasons have affected the economic and financial situation of the bankruptcy debtor. The plan for reorganization should describe in details the measures undertaken by the management and/ or the owner, carried out for the purposes of eliminating the reasons for the financial difficulties of the bankruptcy debtor, as well as the results of those measures. The plan for reorganization should also contain a list of the majority owners, the management board of the bankruptcy debtor and the members of the supervisory board. All legal entities which are owned by the insolvent debtor or which are related to it in another way must be listed in the plan for reorganization.

2. Provided that with the plan for reorganization the continuation of the operation of the bankruptcy debtor is foreseed, the plan must contain a

detailed explanation of the manner in which the reasons that led to bankruptcy will be eliminated in the procedure for the implementation of the reorganization. Likewise, the Plan for reorganization must indelibly show the creditors' possibilities for their favorable settlement in the procedure for reorganization, compared to the settling by cashing in the assets of the bankruptcy debtor. The reorganization plan must satisfy the requirement that with the implementation of the reorganization plan none of the creditors shall receive less than what might reasonably be expected to be received in the procedure for cashing in the assets of the bankruptcy debtor.

3. The plan for reorganization cannot be conditioned by future events, considering that the creditors can hardly estimate the probability for their successful settlement by executing the particular plan for reorganization. The realization of the plan for reorganization also cannot be conditioned by events on which the suggesting party has no influence (for example, a change in the forex or the customs regime).

4. In case where the plan for reorganization envisaged additional financing, such plan shall mandatorily conflating data on the lender, the amount and other terms of financing, as well as the conditions for repayment of the loan.

5. The reorganization plan must contain a detailed description on the manner of settlement and on claims in the bankruptcy procedure. The group of creditors whose claims, under the plan for reorganization should be settled in full before the beginning of the implementation of the plan shall not have the right to vote on the plan for reorganization and shall be deemed as adopted in that group.

6. The plan for reorganization determines the classes and priorities in the settlement of creditors, and the planned manner, dynamics and deadlines for settling the claims.

7. The plan for reorganization should precisely describe the manner of settling the creditors' claims, including explanation for each existing claim over the bankruptcy estate and how any claim involving a party related to the debtor should be treated in the plan, as well as analysis of their merits. If the bankruptcy trustee has determined the merits of the claims, he is obliged to enter in the plan for reorganization all the data on the determined, and disputed claims.

8. In cases where with the plan it is suggested sale of the assets in manner different than the one provided with the Law and the standards, the reason further to which the proposed manner of sale is considered as more rational should be stated.

9. The deadlines for its implementation, as well as the deadlines for completion of the main components of the plan should be precisely and unambiguously stated within the plan for reorganization. The deadlines are one of the rare objective criteria based on which the execution of the adopted plan for reorganization can be supervised. During the supervision over the execution of the plan for reorganisation, the bankruptcy trustee is obliged to notify the court and the creditors on any actions which are contrary to the adopted plan for reorganization, especially on nonobservance of the deadlines.

10. The plan for reorganization contain list of the management bodies of the bankruptcy debtor and the amount of their remuneration. Stating the members of the management is important for the creditors at the moment of voting on the plan for reorganisation, considering that they should know who manages the bankruptcy debtor, i.e. who is responsible in the procedure for implementation of the plan for reorganization for the execution of the plan and for settling their claims.

11. The plan for reorganization contains description on the duties of the bankruptcy trustees in the procedure for supervising the execution of the plan for reorganisation, the amount of the remuneration of the bankruptcy trustee for performing the supervision, as well as the source out which such remuneration shall be paid.

12. The bankruptcy trustee is obliged within the plan for reorganisation to state the experts who shall be engaged in the procedure for its execution, as well as to provide detailed description of their duties, authorization and obligations. Within the plan for reorganisation. The bankruptcy trustee shall determine the amount and manner of payments of the remuneration and reward to the experts engaged, as well as the amount of his reward.

13. The bankruptcy trustee is obliged within the plan for reorganization to state clearly which events represent fundamental changes in relation to the condition foreseen with the adoption of the plan for reorganization, and in view of which the bankruptcy trustee informs the court and the creditors of the non-fulfillment of the plan.

14. The bankruptcy trustee is obliged, beside the plan for reorganization, to submit annual financial report on the previous five years which shall provide clear overview of the activities of the bankruptcy debtor which preceded the opening of the bankruptcy procedure.

15. The bankruptcy trustee is obliged to include with the plan for reorganization cash flow projection for the next five years in cases when the plan is based on the future successful operation of the entity for

reorganization. This projection should show the real expectations of the assets that will be generated in the subsequent period. The basic assumptions on source for funding the plan should be clearly and fully exposed in the plan for reorganization, in order for the creditors to be able to assess the probability of these assumptions. The subject projections are necessary, as in the case when the Plan for reorganization envisages that the creditors should be paid in cash collected from the further operations or by selling the assets of the bankruptcy debtor, and in case when the creditors' claims are settled by conversion of claims in capital.

16. The plan for reorganization must contain data on the mortgages and other debts of the bankruptcy debtor, accepted by the administrator.

17. The bankruptcy trustee is obliged to include with the plan for reorganization estimation on the expected monetary amount which should be collected with sale of the assets of the bankruptcy debtor in the cashing in procedure. The comparison between this estimation and the proposal for settlement of the creditors in the procedure for reorganization aims to provide to the creditors in unambiguous manner the probability that with the adoption of the plan each group of creditors shall be settled to extent at least equivalent with the settlement which can be reasonably expected in the procedure for cashing in the assets of the bankruptcy debtor.

18. With the Plan for reorganization the bankruptcy trustee preliminary determines the legal matters and actions that the bankruptcy trustee has concluded or undertaken and which may be subject to repudiation in the bankruptcy procedure. The reorganization plan describes the way in which such legal matters and actions would be handled if the proposed reorganization plan is adopted. If until the submission of the reorganization plan the bankruptcy trustee did not take any action for determinin the existence of legal matters and actions that could be subject repudiation, he is obliged to inform the creditors thereof.

19. With the Plan for reorganization the bankruptcy trustee determines the start date for the implementation of the plan and the dynamic of its execution.

This standard is appropriately implemented when other parties actively legitimized for submission of the plan for reorgnisation are in capacity of submitters of the Plan.

Provided that the reorganization plan is not submitted by the bankruptcy trustee, but by other authorized proposers, the bankruptcy trustee shall request an insight into the proposed plan for reorganization in order to

determine to what extent that plan meets the content prescribed by this national standard. If the reorganization plan does not contain all the listed elements, the bankruptcy trustee is obliged to introduce the proposer of the reorganization plan with the deficiencies and instruct him to make appropriate changes. If the proposer refuses to make changes in the reorganization plan, and the bankruptcy trustee finds that the submitted plan for reorganization does not protect the interests of the creditors or the interests of a certain group of creditors, and especially when obviously cashing in the assets is more of an interest for certain creditors or even all creditors, the bankruptcy trustee is obliged to notify the board of creditors and the court before the day of the hearing on which the adoption of the plan for reorganization shall be voted.

PROFFESIONAL STANDARD FOR SUPERVISION THE IMPLEMENTATION OF THE PLAN FOR REORGANISATION

1. INTRODCUTION

The professional standards for supervision of the implementation of the plan for reorganization determine the procedure for conductimng supervision by the bankruptcy trustee, as well as other person (controller) which is determined in the content part of the plan for reorganisation (hereinafter referred as: person authorized to conduct the supervision over the implementation of the plan for reorganization).

2. DEFINITIONS

Substantial change in respect of the condition foreseen in the adopted plan for reorganization in terms of this standard is any event, change or deviation that is of a significant nature and which, in the opinion of the person authorized to conduct the supervision over the implementation of the plan for reorganization.

1. To affect negatively on the cash flow;
2. To prevent the debtor in reorganization to perform part or all of his working activities;
3. Reducing the likelihood of successful implementation of the reorganization plan;
4. Significantly jeopardizes the interest of one or more classes of creditors.

3. STANDARDS

Role and independence

1. In conducting the supervision, the person authorized to supervise the implementation of the plan for reorganisation shall be obliged to treat with equal care, responsibility and objectivity required from the bankruptcy trustee in the bankruptcy procedure.
2. Provided that the bankruptcy trustee does fulfil the obligation for conducting supervision determined by law, with the prescribed degree of attention, responsibility and objectivity, the Minister of Economy may apply the measures provided in the Bankruptcy Law.

3. In conducting the supervision over the implementation of the plan for reorganisation, the person authorized to conduct the supervision over the implementation of the plan for reorganization shall be obliged to act in accordance with the prescribed standards, otherwise the creditors have right to file a claim for damage compensation.

Court decision which confirms the plan for reorganisation

4. The obligation of the person authorized to conduct the supervision over the implementation of the plan for reorganization in the procedure for performing the supervision of the implementation of the plan for reorganization, as well as the manner of performing supervision should be contained in the content part of the plan for reorganization and the decision of the bankruptcy judge for concluding the bankruptcy procedure due to the approval of the plan for reorganization.

5. The person authorized to conduct the supervision over the implementation of the plan for reorganization shall submit a detailed report on the implementation of the control over the execution of the plan for reorganization to the Board of Creditors if it has been established and to the Bankruptcy judge.

Supervision

6. Unless stated differently in the court decision approving the plan for reorganization, the person authorized to conduct the supervision over the implementation of the plan for reorganization performs supervision over the operations of the entity in reorganization and its finances as well as the over the dynamics of settlement of the creditors' claims, from the moment when the court decision is issued until the complete execution of the plan, or until its supervision role is completed for any other reason.

7. Prior the commencement of the control over the implementation of the plan for reorganisation, the individual authorized to conduct the supervision over the execution of the plan for reorganisation, in accordance with the court decision i.e. in accordance with the plan for reorganization, shall prepare program for carrying out supervision over the activities of the entity in reorganisation. The bankruptcy trustee shall inform the entity in reorganisation on what shall be considered for substantial change of the adopted plan for reorganisation, for which the individual authorized to

conduct the supervision over the execution of the plan for reorganisation is obliged to notify the bankruptcy judge and the Board of creditors.

8. In the performance of the supervision over the implementation of the plan for reorganisation, the entity over which the supervision is performed is obliged to allow the individual authorized to conduct the supervision to enter in his business premises and to deliver all necessary written documents.

9. For the preparation of the program for performing control over the work of the entity in reorganization, the person authorized to perform the supervision over the implementation of the plan for reorganization shall:

- 1) Obtain a copy of the documentation enclosed with the plan for reorganisation, including the cash flow projection if the plan for reorganisation settlement of the creditors from future revenues;
- 2) Define the circumstances that may adversely affect the projected cash flow;
- 3) Provide financial projections to include cash flow projections, projected balance sheet, profit and loss account, etc .;
- 4) Make contacts and perform previous interviews with all persons whose support is essential for successful execution of the plan for reorganisation;
- 5) Establishes continuous communication with the management bodies and the owners of the entity in reorganization in order to provide them answers to the questions and necessary information related to the implementation of the plan for reorganization;
- 6) Hold meeting with the management bodies of the entity in reorganization in order to inform them about its obligation and scope of supervision and reorganisation procedure, obligation and notifying the court and creditors for any deviation from the execution of the plan for reorganization, and to establish cooperation with them.
- 7) Determine the criteria for identifying the circumstances and the level of their negative impact of the projection of the expected cash flows;
- 8) Define the course and the dynamics for performing supervision over the implementation of the plan for reorganisation.
- 9) Determines whether and to what extent existing information systems for management, operation and financial operation of the entity in reorganisation can ensure timely provision of all necessary information;
- 10) Performs review on the achieved results of operations and compares them with the projection of cash flows and other financial projections and indicators;

- 11) Performs control of the results stated in the reports for operation of the entity in reorganisation due to the objective assessment of their accuracy.

Reporting

10. The individual authorized to conduct the supervision over the implementation of the plan for reorganisation shall submit at least once in every six months a report to the bankruptcy judge and to the board of creditors, if it has been established, for the work of the entity in reorganisation, including financial reports, as well as a report on the results accomplished in the procedure for execution of the plan for reorganization, the dynamics of settlement of the creditors' claims determined with the reorganization plan, unless the bankruptcy judge determines with its own decision a different dynamics for delivering these reports.

11. The bankruptcy judge and the board of creditors have right to request at any time special information or other periodical reports in connection with the execution of the plan for reorganisation from the individual authorized to conduct the supervision over the execution of the plan for reorganisation.

12. When the individual authorized to conduct the supervision over the implementation of the plan for reorganisation determines that a circumstance that has negatively impacted the projections for the expected cash flows or other aspects of the financial operation of the entity in reorganization has occurred, shall without delay warn the management of the entity in the reorganisation on such circumstances, and inform about the actions he intends to take upon that occasion.

13. The bankruptcy trustee shall inform the board of creditors and the bankruptcy judge on the identified negative circumstances that lead to deviation from the adopted plan for reorganisation.

14. If he determines that after the warning to the management bodies, the plan for reorganisation is not being executed, the individual authorized to conduct the supervision over the implementation of the plan for reorganisation shall notify the board of creditors and the creditors for the need for submission a proposal for reopening of the bankruptcy procedure, as the conditions are met.

15. In case the supervision over the plan for reorganisation is entrusted to the bankruptcy trustee, he may submit a proposal for reopening the bankruptcy procedure because the plan for reorganization has not been executed.

PROFFESIONAL STANDARD ON THE FORM FOR THE FINAL REPORT OF THE BANKRUPTCY ADMINISTARTORS FOR THE PERFORMED PAYMENTS

1. STANDARDS

With this standard is prescribed the content of the final account of the bankruptcy trustee

FINAL ACCOUNT OF THE BANKRUPTCY ADMINISTARTOR

	INFLOWS				Amount (MKD)
1	Cash in hand and bank accounts on the day of appointment of the bankruptcy trustee				
2.	Cash received from:				
	Temporary bankruptcy trustee				
	Dismissed bankruptcy trustee				
3.	Collected funds from the bankruptcy debtor' assets, excluding immovable:				
	Debt recorded in the books and bills of exchange				
	Stock /Inventory				
	Movable property, machinery and inventory				
	Collected funds from the immovable				
	Gross	Deductive item on behalf of the	Deductive item on behalf of direct	Net	

		secured creditors	costs for sale		
	Immovable 1				
	Immovable 2				
	Immovable 3				
	other				
	Total funds collected from the bankruptcy debtor's immovable				
4.	Operating income:				
	Deductive item on behalf of:				
	(a) Purchase (to be enclosed statement with data, per category)				
	(b) Operating expenses in cash (to be enclosed statement with data, per category)				
	= Net cash collected through the operations if positive (to be enclosed statement with data, per category)				
5.	other				
	(a) interest from banks				
	(b) other (to be stated)				
6.	Total inflow				

	OUTFLOW	
7.	Court costs (costs for submission of requests etc.)	
	(a) Publishing costs	
	(b) Other costs (to be stated)	
8.	Correspondence with creditors and other correspondence	
9.	Cost of taking in possession and protection of property	
	Protection of property	
	Other costs (to be stated)	
10.	Inventory costs (including costs for valuation of the assets)	
11.	Insurance premiums	
12.	Engaged experts and sales agents (stated separately)	
13.	Costs related to legal services (all costs to be stated)	
14.	Approved rewards and compensation of costs of the temporary bankruptcy trustee	
15.	Approved rewards and compensation of costs of the members of the Board of Creditors	
16.	Other	
	(a) Losses in business operations	
	(b) other (to be stated)	

17.	Total outflow, except the reward of the bankruptcy trustee and compensations of costs				
18.	Net collected funds before the payment of the reward of the bankruptcy trustee and distribution to creditors				
	Deductive items				
19.	Reward of the bankruptcy trustee				
	(a) bankruptcy trustee				
	(b) dismissed bankruptcy trustee				
20.	Compensation for costs of the bankruptcy trustee				
	(a) bankruptcy trustee				
	(b) dismissed bankruptcy trustee				
21.	Residue to be distributed to the creditors				
22.	Settlement				
		Verified claims	% of settlement	Amount of settlement (MKD)	
	(a) Secured creditors				
	Funds reserved for the disputed creditors				
	(b) Creditors from higher payment ranks				
	(c) bankruptcy creditors				
	1. Advance distribution				

	2. Reserved funds				
	1. Advance distribution				
	2. Reserved funds				
	Final distribution				
	Funds reserved upon the final distribution				
	Total amount of funds paid to creditors				
	Total amount of reserved funds				
23.	Balance				Zero
24.	Remaining assets of the debtor not covered with the inflows (to be stated the reason for which the asset is not sold or the funds are not collected)				

PROFFESIONAL STANDARD ON THE MANNER FOR KEEPING AND STORING DOCUMENTATION

1. INTRODUCTION

The bankruptcy trustee is obliged to keep proper records for each bankruptcy procedure in which it has been appointed. The records of the bankruptcy trustee shall include the trade books and the documentation of the bankruptcy debtor, as well as other documentation related to the course of the bankruptcy procedure.

The bankruptcy debtor's trade books, records and documentation are documents which allow insight in the statutory, business, financial and legal documents of the bankruptcy debtor, i.e. insight in the latter's activities before the initiation of the bankruptcy procedure.

With the appointment, the bankruptcy trustee undertakes the possession and management of all property included the bankruptcy estate, including the documentation of the bankruptcy debtor that he kept in accordance with the special legal regulations.

The bankruptcy trustee immediately takes the computers of the bankruptcy debtor, their data units, including data backups which the debtor has. For protecting the integrity of these information, as well as for their efficient taking, the bankruptcy trustee must immediately limit the access to the computer system only to himself and his co-workers, in order to prevent any changes, deletions or relocation of the debtor's records.

The bankruptcy trustee may limit the access to the trade books and other documentation only to himself and his coworkers, for a period which he determines as rational.

The bankruptcy trustee cannot limit the access to the information for the members of the Board of Creditors.

Upon taking the bankruptcy debtor's documentation, the bankruptcy trustee shall continue to keep the trade books and records of the debtor's

documentation properly, in order to obtain all the necessary data necessary for:

- 1) determining or contesting the reported creditors' claims;
- 2) initiating and conducting the procedures for payment of the bankruptcy debtor's claims;
- 3) determining the ownership and property rights of the bankruptcy debtor and deciding in the ownership claims reported in the bankruptcy procedure by third parties;
- 4) repudiation of the legal actions of the bankruptcy debtor;
- 5) other matters important for carrying out the bankruptcy procedure.

2. STANDARDS

Records of bankruptcy trustee

1. Documentation for establishment of bankruptcy debtor and legal entities related to the bankruptcy debtor includes:

1. Acts for establishments, merger, acquisition and all other statutory changes;
2. Analytic of the organizational structure of the debtor;
3. Acts for appointment of the management bodies;
4. Decisions of the assembly, the management and the supervisory board;
5. Data on the representatives, proxies and procurators;
6. Archive book;
7. Records of the stamps and mark;
8. Minutes for review of archive material, registration material for allocation of unnecessary registration material and records for transfer of archive material to the archive;
9. Databases - files;
10. All other documents related to the employment agreements of the employees and other individuals engages, statute, rulebooks, general and special collective agreements and other general acts related to employment contracts, data on the years of service, workbooks, data on termination of employment, health and pension disability insurance;
11. Payroll lists and analytical evidence of the performed payments;
12. Other documentation referring to the statute, organizational structure, archive documentation and employment relations of the bankruptcy debtor, as well as parties related to the bankruptcy debtor.

2. Documentation on the ownership rights and work of the bankruptcy debtor, includes, without limitation:

1. work analytics, list of customers and clients, suppliers and business partners of the bankruptcy debtor;
2. documentation on the basis and acquisition of the pledge rights over the assets of the bankruptcy debtor, as well as the pledge rights of the bankruptcy debtor over the property of third parties (contractual, legal, court mortgage, pledge rights on movable objects and rights, certificate from the cadastre, etc.);
3. contracts arising from business;
4. Intellectual property rights;
5. Proof for investment in other legal entities;
6. Documentation on the basis for acquiring ownership rights of the bankruptcy debtor over the immovable, except pledge rights;
7. Lease agreements, regardless if the bankruptcy debtor is lessor or lessee
8. Leasing and financial leasing agreements;
9. Business plans;
10. Trade books;
11. Financial- accounting reports, documentation on the payment operations as well as acts for tax and other state authorities;
12. Journal, main trade book and auxiliary book;
13. Other written documentation on the ownership rights and the activities of the bankruptcy debtor;

3. Documentation on the bankruptcy estate and creditor's claims includes, without limitation:

1. Inventory and valuation of the bankruptcy debtor's assets;
2. Initial bankruptcy balance;
3. Bank reports and additional documentation which justifies the payment from the bank account in the bank- carrier of the payment operations of the bankruptcy debtor or other banks;
4. Copies of the tax returns and financial reports prepared by the bankruptcy debtor;
5. All documents related to the sale of assets, or part of the assets, regardless of the manner for sale;

6. Applications for claims submitted by creditors as well as the scheme for established and challenged claims;
7. The final report.

4. Documentation for communication with the bodies of the bankruptcy procedure, the Bankruptcy Judge and the Board and Assembly of Creditors and other participants in the proceeding, includes, without limitation:

1. All submissions made to the bankruptcy judge, the board, or the assembly of creditors;
2. Copies of the decisions taken by the bankruptcy judge during the bankruptcy proceeding;
3. The complaints and complaints submitted by the bankruptcy trustee to the Bankruptcy Council or the second instance court;
4. Objections and complaints submitted by other interested parties and the statements of the bankruptcy trustee thereto;
5. Copies of the notifications, request for approval, opinions and consent as well as other written documentation submitted to the board or assembly of creditors, as well as the received opinions and consent by the board or assembly of creditors;
6. Copies of all monthly reports and other additional reports and information submitted to the bankruptcy judge or board or assembly of creditors;
7. All minutes of the meetings at which the bankruptcy trustee was present;
8. Bank reports and accounting evidence from which can be determined the income and expenses, as well as additional documentation confirming the various payments which the bankruptcy trustee has in the course of the bankruptcy procedure;
9. Records on all proceedings carried out in front of courts and other state bodies.

Keeping proper records and storing the documentation of the bankruptcy trustee

1. Upon taking the bankruptcy debtor's documentation, the bankruptcy trustee continues to keep proper records of the documentation and care for it in accordance with the law, other regulations and this standard. Upon taking the documentation which is kept in accordance with the law regulating the

archiving, the bankruptcy trustee closes the business and archive books with the day of taking the office and opens new books.

2. Before closing the bankruptcy procedure, in case of cashing in the bankruptcy debtor's assets, upon the perfumed distribution, the bankruptcy trustee is obliged to organize the archive material in accordance with the Law on archive material and to submit with the State Archives of the Republic of Macedonia the archive material in original, complete and arranged condition with inventory and description, as well as documentary material with longer deadlines for storing, payrolls, EVT-2 cards, forms M-4 and documents on registration and deregistration of the employees

3. The bankruptcy trustee keeps part of the documentation of the bankruptcy debtor referring to the establishment and decisions of the assembly, the management board and the supervisory board, the payment of salaries as well as the evidence of the property rights of the debtor's property as part of its records.

4. In case of reorganisation and in other cases of closing the proceeding when the bankruptcy trustee continues with work or new company was established, the bankruptcy trustee hands over the archive material to the authorized persons with confirmation that the documentation was handed over.

5. For at least three years after the termination of performing the work of bankruptcy trustee, the bankruptcy trustee shall keep a copy of the documentation referred to in item 7, including all documents relating to the bankruptcy procedure and the bodies of the bankruptcy procedure.

PROFFESIONAL STANDARD ON THE FROM FOR MONTHLY REPORT

REPORT OF THE BANKRUPTCY TRUSTEE FOR MONTH _____ 201_ YEAR

1) INFLOW

No.	INFLOW from	Preceding period (cumulatively)	Collected inflow in the current month	Total inflows at the end of the month (cumulatively)
1.	Sale of immovable			
2.	Sale of equipment			
3.	Sale of goods, equipment and stock			
4.	Sale of raw materials and intermediate goods			
5.	Sale of other assets			
6.	Rent			
7.	Other inflows			
	Total			

2) OUTFLOWS

No	OUTFLOWS – COSTS	Preceding period (cumulatively)	Completed outflow in the current month	Total outflows at the end of the month

				(cumulatively)
1.	Costs for preliminary proceeding			
2.	Payed reward to the bankruptcy trustee			
3.	Paid reward to previous bankruptcy trustee			
4.	Rent			
5.	Traveling costs and per diems			
6.	Telecommunication services (cell phones)			
7.	Compensation for use of own vehicle			
8.	Compensation for members of Board of Creditors			
9.	Office supplies			
10.	Electricity			
11.	Utilities (water and waste)			
12.	Postal services			
13.	Raw materials and intermediate goods			
14.	Maintenance			
15.	Comissions			

3) Balance

No.	Balance	Preceding period	Changes in the current month	End of month
1.	Cash			
2.	Immovable			

3.	Equipment			
4.	Products, goods and stock			
5.	Other assets			
	TOTAL			

4) SETTLEMENT

Percentage of payment of the verified claims of the:

- Secured creditors
- Creditors from higher payment rank
- Bankruptcy creditors
- Reserved funds

- 5) Data on other issues for which the bankruptcy judge or the Board of Creditors were obliged and other more significant information of interest to the creditors in the bankruptcy procedure

Bankruptcy trustee _____

Date _____

Approved, Board of Creditors _____

President of the board of creditor's _____

Pursuant to article 362 of the Bankruptcy Law (“Official Gazette of Republic of Macedonia” no. 34/06), the Minister of Economy adopted

CODE OF ETHICS FOR BANKRUPTCY TRUSTEES

1. Subject

This code stipulates the rules of conduct upon which the bankruptcy trustees are obliged to act in the performance of the work of the bankruptcy trustee.

2. Basic operations principles

The bankruptcy trustee operates in accordance with the principles referring to:

- 1) professional and conscientious performance of the activities in accordance with the law regulating the bankruptcy procedure, this Code and other regulations, the professional standards for management with the bankruptcy estate and the high ethical standards in conducting the bankruptcy procedure in order to achieve the purpose of the bankruptcy procedure, collective settlement of the creditors in a way that keeps and improves the trust of the people and the faith in the implementation of the Bankruptcy Law;
- 2) objective acting when conducting the the bankruptcy procedure, without prejudice, personal interests or biased attitudes;
- 3) timely completion of obligations determined by law

3. Professional liability

- 1) With the appointment of the bankruptcy trustee by the bankruptcy judge, the bankruptcy trustee assumes the responsibility to perform all of its duties determined under the law conscientiously in the best possible way.
- 2) The bankruptcy trustee cannot accept work, if he is not able to perform the work timely and independently due to other, already undertaken obligations or due to lack of competencies.
- 3) The bankruptcy trustee who has already been engaged by a debtor who worked as an adviser or representative, can not influence or protect the

interests or relationships that violate or diminish the values of his professional decisions.

- 4) The bankruptcy trustee may not deal with affairs or professions which may compromise his performance of the activities in the bankruptcy procedure or which may jeopardize his personal and professional credibility.
- 5) The bankruptcy trustee cannot advise or encourages other parties to perform work related to the bankruptcy procedure for which the bankruptcy trustee knows or should have known that are illegal and dishonest.
- 6) The bankruptcy trustee conducts the professional obligations effectively and timely and cannot undertake any actions which will delay his performance, unless there are objective reasons for such delay.
- 7) The bankruptcy trustee cannot misrepresent or present any fact in a way that can reasonably be assumed that shall negatively affect the other bankruptcy trustees or the bankruptcy procedure.
- 8) The bankruptcy trustee cannot falsely present his competencies and qualifications, in order to be appointed as bankruptcy trustee.

4. Independence in operation

- 1) The bankruptcy trustee conducts the work independently and professionally.
- 2) The bankruptcy trustee must be independent in relations with other parties that may affect his decisions or the results of his work in the bankruptcy procedure.
- 3) Before accepting the appointment, the bankruptcy trustee is obliged to examine if there are any business- financial relations with the bankruptcy debtor or other parties related to the bankruptcy debtor, as well as the existence of circumstances that represent legal obstacle for appointing as bankruptcy trustee and to notify the court.
- 4) The bankruptcy trustee cannot accept the appointment of himself or his spouse, as well as a lineal relatives to any extent, and collateral relation up to fourth degree, relatives in law up to second degree, have direct or indirect participation in the capital of the bankruptcy debtor.
- 5) The bankruptcy trustee, as well as the person metioned above, cannot gain any kind of ownership over the capital of the bankruptcy debtor, in which he performs the work of a bankruptcy trustee.

5. Confidentiality and information

- 1) The bankruptcy trustee is obliged to provide under equal conditions to all parties interested in the bankruptcy procedure complete and accurate data and information, in accordance with the law.
- 2) The Bankruptcy trustee cannot provide information or to act in any manner in which one party of the proceeding shall be put or it appears to be put in more favorable position with regards to other parties, especially in the procedure for sale of the assets of the bankruptcy debtor.
- 3) The bankruptcy trustee shall not sign any document, including letter, report, statement or financial statement, or to identify with such a document that he knows or should have known that is inaccurate.
- 4) The bankruptcy trustee is obliged to keep as business secret all confidential information referring to the bankruptcy procedure, unless the obligation for providing such information is determined under law or approved by the persons to whom such information are referred.
- 5) In the course of the bankruptcy procedure and upon the closure of the proceeding, the bankruptcy trustee cannot use the confidential information obtained in the performing the work of the bankruptcy trustee for gaining personal or third party benefit.

6. Conflict of interest

- 1) The bankruptcy trustee is obliged to conduct the duties in a manner in which he does not commit their performance to his personal interest, nor cause a conflict (hereinafter: conflict of interests).
- 2) The bankruptcy trustee must avoid situations in which the conscientious trader reasonably concludes that the situation seems like conflict of interest.
- 3) The conflict of interest arises when the bankruptcy trustee has personal interests that affect or may affect a conscientious trader and may affect the proper execution of the work of a bankruptcy trustee.
- 4) Provided that there is a conflict of interests and after the appointment of the bankruptcy trustee is determined that there is such conflict, the bankruptcy trustee is obliged to submit request for his dismissal from the duty of bankruptcy trustee immediately.
- 5) The bankruptcy trustee cannot agree or receive any kind of compensation or have any other benefit for the duties he performs as administrator,

except for the reward for work and reimbursement of material expenses which are approved by the court.

- 6) For providing his professional engagement, the bankruptcy trustee cannot pay or offer, directly or indirectly, a commission fee or other benefits to third parties.

7. Maintenance and management of the assets of the bankruptcy debtor

- 1) The bankruptcy trustee is obliged to keep and manage the assets entrusted to him in accordance with this Code, with the professional standards for management of the bankruptcy estate and other regulations, with the attention of a capable and competent person (professional) .
- 2) The bankruptcy trustee is obliged to keep the assets of the bankruptcy debtor and the cash collected from the sale of the assets of the bankruptcy debtor on a separate account, separated from his own assets.
- 3) The bankruptcy trustee is obliged to undertake all necessary measures for keeping and protecting the fund or the property of the bankruptcy debtor.

8. Disposal with the assets of the bankruptcy debtor

- 1) In the bankruptcy procedure in which the bankruptcy trustee is appointed as bankruptcy trustee, he cannot buy, directly or indirectly the assets of the bankruptcy debtor.
- 2) In a proceeding in which the bankruptcy trustee is not appointed, the latter can buy the assets of the bankruptcy debtor if such assets are being bought in a lawfully carried out procedure for sale of property, under equal terms with other potential buyers or in the course of the regular activities of the bankruptcy debtor.
- 3) In a procedure for sale of assets of the bankruptcy debtor, the bankruptcy trustees cannot directly or indirectly sale the asset:
- 4) To the engaged employees or individuals who have other personal interest and business relation with the bankruptcy trustee;
- 5) To other bankruptcy trustees, as well as to employees with other bankruptcy trustees;
- 6) To persons related to the bankruptcy trustee or other bankruptcy trustees, when the bankruptcy trustee is aware on this conditions;
- 7) As an exception, the bankruptcy trustee can sell the assets of the bankruptcy debtor to these persons, provided that a previous notification on the relevant sale has been submitted to the court, the assembly of

creditors and the board of creditors, and that there is no timely submitted objection by the creditors and the consent of the court is not incapacitated, as well as if the assets are offered publicly, under the same price and terms.

9. Collegiality

- 1) Due to personal interest, the bankruptcy trustee cannot transfer the conduction of the bankruptcy procedure to other bankruptcy trustee, to his employees or employees with another bankruptcy trustee, as well to the persons engaged by the bankruptcy trustee.
- 2) The bankruptcy trustee cannot provide false and incorrect information for other bankruptcy trustee to the creditor who proposes the latter for bankruptcy trustee on the number of cases he works on and on the scope of the work in the respective proceedings. Also, the bankruptcy trustee cannot give false information that there are no limitations, as determined by law, to be appointed as bankruptcy trustee.

10. Individuals engaged and employed with the bankruptcy trustee

The bankruptcy trustee is obliged to ensure the activities carried out by the employees of the legal entity are in compliance with the professional standards applicable for performance of the work of a bankruptcy trustee.

11. Notifications on the work of the bankruptcy trustees

Provided that the bankruptcy trustee in performing his duties and authorizations does not act in accordance with this code, the interest party shall notify the Chamber of bankruptcy trustees.

12. Cooperation with the Chamber of bankruptcy trustees and the competent ministry

The bankruptcy trustees are obliged to fully cooperate with the Chamber of bankruptcy trustees and the competent ministry on all issues in respect of administering the bankruptcy procedure, related to the Bankruptcy Law, the national standards and other policies and directives, adopted by the ministry.

13. This Code enters into force the day following the day of its publication in the Official Gazette of Republic of Macedonia.

Pursuant to article 34 paragraph (6) of the Bankruptcy Law (“Official Gazette of Republic of Macedonia” no. 34/06, 126/06, 84/07 and 47/11),

RULEBOOK ON THE FORM, CONTENT AND MANNER OF KEEPING THE E- REGISTRY

Article 1

This rulebook prescribes the form, content and manner of keeping the E- registry (hereinafter: Registry).

Article 2

The E-registry is kept electronically.

Article 3

With the Registry referred in article 1 of this rulebook, the following data is entered:

1. General data

- number of bankruptcy procedure (bankruptcy number);
- manner of conducting the bankruptcy procedure;
- primary Court;
- bankruptcy judge;
- date on which the Bankruptcy Judge received the case;
- Bankruptcy trustee;
- the date on which the bankruptcy trustee took over the case;
- proposer for the bankruptcy procedure;
- the law under which the bankruptcy procedure is carried out;
- the phase in which the bankruptcy procedure is located and
- reasons for delaying the bankruptcy procedure.

2. Bankruptcy debtor

- name, address and registration number;
- opening date of the bankruptcy procedure;
- closing date of bankruptcy procedure;
- date of stay the bankruptcy procedure

3. Bankruptcy estate

- Estimated value of the bankruptcy estate;
- cashed bankruptcy estate;
- Uncased bankruptcy estate;
- inflow in denars from use of the bankruptcy estate;

- balance of the bank account;

4. Secured creditor

- name, registered address, residence address and unique citizen number of the individual or unique registration number of the legal entity;
- amount of the claim in denars
- object of which mortgage is established.

5. Creditor from higher payment rank

- name, registered address, residence address and unique citizen number of the individual or unique registration number of the legal entity;
- amount of the claim in denars and
- Share percentage of the claim in the total determined claims

6. Bankruptcy creditor

- name, registered address, residence address and unique citizen number of the individual or unique registration number of the legal entity;
- amount of the claim in denars and
- Share percentage of the claim in the total determined claims.

7. Assembly of creditors

- members;
- Date of holding the first (reporting) assembly of creditors and
- hearings held.

8. Board of creditors

- president;
- members of the board of creditors and
- sessions held.

9. Payments per types of claims

- payments of secured creditors;
- Payments of creditors for higher payment ranks;
- advance payment of bankruptcy creditors;
- Final distribution of the bankruptcy estate.

10. Costs of the bankruptcy procedure

- payment of reward of the bankruptcy trustee;
- payment of other costs for carrying out the bankruptcy proceeding and
- total costs of the bankruptcy procedure made

11. Table (scheme) of determined claims prepared in accordance with article 89 and 90 of the Bankruptcy Law is completely entered in the E-registry.

12. Announcements for sales and perfumed sales of parts of or the complete bankruptcy estate.

13. Announcements for scheduled hearings of the assembly of creditors.

14. Other documents which are integral part of the bankruptcy file:

- decision of the assembly of creditors;
- decision of the board of creditors and
- decisions of the bankruptcy judge

Article 4

The data referred in article 3, item 2, indents 1 and 2 of this Rulebook, shall be entered in the Central Registry on the basis of a decision issued by the competent court.

The data referred in article 3, item 1, lines 6 and 7 of this Rulebook shall be entered in the Ministry of Economy on the basis of electronic information from the Central Registry.

The other data referred in article 3, subparagraph 1, indents 1, 2, 3, 4, 5, 8, 9, 10 and 11, point 2 indents 3 and 4, point 3 indents 1, 2, 3, 4 and 5, point 4, indents 1, 2 and 3, point 5 of line 1, 2 and 3, point 6 of indents 1, 2 and 3, point 7 of indents 1, 2 and 3, point 8 of indents 1, 2 and 3, point 9 of indents 1, 2, 3 and 4, item 10 indents 1, 2 and 3, items 11, 12, 13 and item 14 indents 1, 2 and 3 of this Rulebook, shall be entered immediately by the bankruptcy trustee chronologically as they occur or no later than 8 days from the day of their occurrence.

Article 5

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No.15-7369/5

10 November 2011

Skopje

Minister of Economy ,

Valon Saracini , signature

Pursuant to article 98 paragraph (8) of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

RULEBOOK ON THE MANNER FOR CARRYING OUT THE PROCEDURE FOR ELECTRONIC SALE AND SALE OF PARTS OF THE ASSETS OF THE BANKRUPTCY ESTATE FOR WHICH DETRIMENTAL CONSEQUENCES MAY OCCUR

Article 1

This Rulebook prescribes the manner of carrying out the procedure for electronic sale as well as the sale of the parts of the bankruptcy estate for which detrimental consequences may occur.

Article 2

In a period of three days after the adoption of the decision for closing the business venture and cashing in the assets, the property rights and the claims of the debtor that are included in the bankruptcy estate, an announcement for inviting the interested buyers to review the property and to get informed about the manner of sale shall be published with the E-bankruptcy system kept in the Central Registry of the Republic of Macedonia.

Article 3

The announcement for electronic sale is published in a period of three days after the expiry of the deadline stipulated in article 2 of this rulebook and lasts no longer than 15 days.

Article 4

The interested buyers through the E-bankruptcy system notify the bankruptcy trustee on their intention to participate on the published electronic sale.

Right to participate on the electronic sale have persons who fulfilled the terms stipulated in article 98 paragraph (2) of the Bankruptcy Law.

Article 5

In the time exactly determined with the announcement, the electronic bidding starts and lasts 30 minutes.

Article 6

Upon termination of the public bidding, the E- system electronically notifies the participants on the results of the bidding.

Article 7

Sale of assets which are part of the bankruptcy estate for which detrimental consequences may occur is performed in accordance with article 98 paragraph (5) of the Bankruptcy Law.

Article 8

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No. 15-1432/1

26 February 2014

Skopje

Minister,

Valon Saracini, signature

Pursuant to article 37 paragraph (2) of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

RULEBOOK ON THE REWARD AND COMPENSATION FOR THE REAL COSTS OF THE BANKRUPTCY TRUSTEE AND THE MANNER FOR DETERMINING THEIR AMOUNT

I. General provisions

Article 1

This rulebook prescribes the reward and the compensation for the necessary costs of the bankruptcy trustee and the manner for determining their amount.

Article 2

(1) The reward is determined with each advance payment of creditors' claims.

(2) Without paying creditors' claims, advance payments in amount of one average salary shall be paid no longer than six months of the day of opening the bankruptcy procedure.

(3) Proposal for advance payment of part of the reward of the bankruptcy trustee for the performed work shall be enclosed with the proposal for advance payment of the bankruptcy creditors, whereas an updated calculation on the expected total amount of the reward, calculation on the part of the reward based on the amount of the advance payments of the bankruptcy creditors, calculation on the total amount of the advance payments and the remaining difference for payment shall be submitted.

(4) The reward is determined and paid in case of cashing in the assets over which right to separate settlement is established, whereas the provisions for determine the reward for settlement of the bankruptcy creditors shall be applied.

Article 3

The reward of the bankruptcy trustee is determined based on:

- 1) The manner of carrying out the bankruptcy procedure,
- 2) The amount of the monetary value for settling the bankruptcy creditors' claims,
- 3) Percentage of settlement of the bankruptcy creditors,

- 4) Complexity of the bankruptcy procedure and
- 5) Duration of the bankruptcy procedure.

Article 4

The manner for determine the reward of the bankruptcy trustee depends on the manner of carrying out the bankruptcy procedure (by cashing in the debtors' assets or implementation of the plan for reorganization) and separately for temporary bankruptcy trustee in preliminary proceeding.

II. Manner for determining the amount of the reward of the bankruptcy trustee when the bankruptcy procedure is carried out by cashing in the debtor's assets

1. Monetary value for settlement of the creditors' claims

Article 5

(1) Depending on the amount of the cash necessary for settling the bankruptcy creditors' claims, the reward of the bankruptcy trustees shall be determined in the following manner:

Item	Monetary value necessary for settlement of the bankruptcy creditors' claims	Reward of the bankruptcy trustee
I	Up to MKD 300.000	MKD 60.000
II	From MKD 300.000 up to MKD 1.500.000	From MKD 60.000 to MKD 150.000
III	Over MKD 1.500.000 up to MKD 3.000.000	From MKD 150.000 to MKD 300.000
IV	Over MKD 3.000.000 up to MKD 15.000.000	From MKD 300.000 to 600.000
V	Over MKD 15.000.000 up to MKD 30.000.000	From MKD 600.000 to MKD 1.000.000
VI	Over MKD 30.000.000 up to MKD 150.000.000	From MKD 1.000.000 up to MKD 2.500.000

VII	Over MKD 150.000.000	From MKD 2.500.000 up to MKD 7.500.000
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(2) The reward of the items given in the table of paragraph 1 of this Article shall be determined proportionally to the amount of the settlement of creditors' claims, whereas the interval of the award is compared with the interval of settlement of the bankruptcy creditors' claims. In item VII of the table, as upper limit of monetary value for settlement of claims is considered the amount of MKD 650,000,000.

2. Percentage of settlement of the bankruptcy creditors

Article 6

For the collected monetary settlement over 50% of the determined creditors' claims, excluding the creditors from higher payment ranks in accordance with article 117 of the Bankruptcy Law, for every 1% increased payment of the claims, the reward calculated in accordance with article 5 of this rulebook is increased for 1%.

3. Complexity of the bankruptcy procedure

Article 7

Based on the complexity of the procedure, in terms of the type and forms of the bankruptcy debtor's assets and the complexity of its conversion into money, such as claims that are harder to collect, repudiation of legal actions, stakes and shares in other companies, etc., the award referred to in Article 5 of this Rulebook may be increased for maximum 10%.

4. Duration of the bankruptcy procedure

Article 8

(1) The award determined under articles 5, 6 and 7 of this Rulebook shall be paid in the amount of 100% if the bankruptcy procedure is concluded within one year. In the event that the bankruptcy procedure lasts for more than one year, the award is reduced by 4% per month in the next 18 months, so that after the completion of a total of 30 months, the prize will be up to 28%.

(2) In case of change of the bankruptcy trustee the calculation of the reward of paragraph (1) of this article shall be performed proportionally to the time necessary for closing the bankruptcy procedure, but no longer than one year, beginning from the date of appointment of the new bankruptcy trustee, i.e. in total 42 months, upon which deadline the reward shall be

determined in amount of no more than 28% of the total amount of reward determined in accordance with Articles 5,6 and 7 of this Rulebook.

III. Manner for determining the amount of the reward of the bankruptcy trustee in case of reorganisation of the business venture

1. Monetary value of for settling the creditors' claims

Article 9

(1) Depending on the amount of the cash necessary for settling the bankruptcy creditors' claims, the reward of the bankruptcy trustees shall be determined in the following manner::

Item	Monetary value necessary for settlement of the bankruptcy creditors' claims	Reward of the bankruptcy trustee
I	Up to MKD 300.000	MKD 120.000
II	Over MKD 300.000 up to MKD 1.500.000	From MKD 120.000 up to MKD 300.000
III	Over MKD 1.500.000 up to MKD 3.000.000	From MKD 300.000 up to MKD 500.000
IV	Over MKD 3.000.000 up to MKD 15.000.000	From MKD 500.000 up to MKD 1.200.000
V	Over MKD 15.000.000 up to MKD 30.000.000	From MKD 1.200.000 up to MKD 2.100.000
VI	Over MKD 30.000.000 up to MKD 150.000.000	From MKD 2.100.000 up to MKD 4.000.000
VII	Over MKD 150.000.000	From MKD 4.000.000 up to MKD 15.000.000

(2) The reward of the items given in the table of paragraph 1 of this Article shall be determined proportionally to the amount of the settlement of creditors' claims, whereas the interval of the award is compared with the interval of settlement of the bankruptcy creditors' claims. In item VII of the table, as upper limit of monetary value for settlement of claims is considered the amount of MKD 650,000,000.

2. Percentage of settlement of the bankruptcy creditors

Article 10

Provided that with the reorganisation plan is envisaged settlement over 50% of the determined creditors' claims, excluding the creditors from higher payment ranks in accordance with article 117 of the Bankruptcy Law, for every 1% increased payment of the claims, the reward calculated in accordance with Article 9 of this rulebook is increased for 1%.

3. Complexity of the bankruptcy procedure

Article 11

(1) Based on the complexity of the proceeding in relation to the plan for reorganisation, determined with the financial analysis and projections, the reward determined in article 9 of this rulebook may be increased for 10% maximum.

(2) Provided that the plan for reorganisation is submitted with the proposal for opening of bankruptcy procedure by the debtor of the creditor, or the creditors on the first reporting assembly authorized another person to prepare plan, whereas the bankruptcy trustee did not participate in its preparation, the reward of the bankruptcy trustee determined in Article 9 of this Rulebook is decreased for 50%.

4. Duration of the bankruptcy procedure

Article 12

(1) The reward determined in accordance with article 9.10 and 11 is paid 100% if the bankruptcy procedure is closed in a period of one year. In case where the bankruptcy procedure lasts more than one year, the reward is decreased for 4% per month in the following 18 months, so that upon the completion of 30 months in total, the reward shall be up to 28%.

(2) In case of change of the bankruptcy trustee the calculation of the reward of paragraph (1) of this article shall be performed proportionally to the time necessary for closing the bankruptcy procedure, but no longer than one year, beginning from the date of appointment of the new bankruptcy trustee, i.e. in total 42 months, upon which deadline the reward shall be determined in amount of no more than 28% of the total amount of reward determined in accordance with Articles 9,10 and 11 of this Rulebook.

IV. Reward for the work of the temporary bankruptcy trustee

Article 13

(1) The reward of the temporary bankruptcy trustee shall be determined based on the scope of work, the time required for the performance of the duties determined with the decision of the Bankruptcy Judge as well as the amount of the advanced costs, and should not exceed MKD 20,000.

(2) In case when in a preliminary proceeding a plan for reorganisation is prepared and adopted, the reward of the temporary bankruptcy trustee may amounts to a maximum of 50% of the reward determined in Article 9 of this Rulebook.

(3) The temporary bankruptcy trustee shall be entitled to a compensation of the real incurred costs, which are determined in accordance with the provisions of Article 15 of this Rulebook.

V. Compensation of the real incurred costs for carrying out the bankruptcy procedure

Article 14

(1) Once a month, the bankruptcy trustee submits draft calculation for payments of the real incurred costs of the bankruptcy procedure, together with the monthly report determined in Article 34 paragraph (2) of the Bankruptcy Law.

(2) The compensation for the real incurred costs for carrying out the bankruptcy procedure is determined based on written documents, as well as proofs of the costs, which the bankruptcy trustees submits to the bankruptcy judge, with explanation and proposal for payment.

(3) Each costs should be divided to all bankruptcy cases carried out by the bankruptcy trustee, taking into consideration the real participation of a relevant bankruptcy procedure in the real incurred cost.

(4) As real incurred costs are considered:

- 1) Fees for leasing the office of the bankruptcy trustee on the basis of a concluded lease agreement in a monthly lump sum that can not be higher than MKD 20,000 in total amount for all bankruptcy cases that the bankruptcy trustee manages;
- 2) Travel costs and per diems of the bankruptcy trustee in a specific bankruptcy case;
- 3) Costs for telecommunication services, including mobile phones, not more than MKD 5,000 for all bankruptcy cases that lead them;

- 4) compensation for use of own means of transport in the area of a competent court in total amount of MKD 10.000 for all bankruptcy cases for which the relevant court is competent;
- 5) Compensation for use of own means of transport in accordance with the Labor Law and the General Collective Agreement for economy, if the means of transport are not owned by the bankruptcy debtor for specific bankruptcy cases outside the registered office of the bankruptcy trustee;
- 6) Costs for additionally engaged persons in respect of all bankruptcy cases managed by the bankruptcy trustee and especially for the employees employed with the debtor;
- 7) All costs related to conducting the business venture, or maintaining the assets of the bankruptcy debtor;
- 8) Costs related to the implementation of a bankruptcy procedure with a foreign element in accordance with the Bankruptcy Law and
- 9) Other costs (communal services, spent office supplies, use of computer equipment, etc.).

VI. Transitional and final provisions

Article 15

With the day of entry into force of this Rulebook, the Rulebook on the reward and compensation of the real incurred costs of the bankruptcy trustee, manner for their determination of their amount and determining the amount of the advance for covering the costs for the preliminary proceeding (“Official Gazette of Republic of Macedonia” no.19/06 and 77/13) ceases to be valid.

Article 16

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No. 15-1434/1

26 February 2014

Skopje

Minister,

Valon Saracini, signature

Pursuant to article 30- a paragraph (5) of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

RULEBOOK ON THE FORM AND CONTENT OF THE REGISTRY AND LISTS OF BANKRUPTCY TRUSTEES IN THE COURTS AND MANNER OF THEIR KEEPING

Article 1

This Rulebook prescribes the form and content of the Registry of the bankruptcy trustees, the lists of bankruptcy trustees with obtained licenses or revoked licenses in courts and the manner of their keeping

Article 2

(1) The Registry of bankruptcy trustees in which a separate registry of bankruptcy trustees with specialist knowledge in the field of plan for reorganisation, contains the following data:

- name and surname of the bankruptcy trustee, address, telephone number,
- name and registered address of the bankruptcy trustee- legal entity, i.e. sole proprietor in which the bankruptcy trustee is employed,
- number and issuance date and date of renewal of the license for the bankruptcy trustee,
- number and date of the decision for revoking the license of bankruptcy trustee,
- the amount, the date and the period of the duration of the professional liability insurance,
- number of the certificate for passed professional exam of the administrator and
- number and issuance date of the certificate for passing the exam for specialist knowledge in the area of the reorganisation plan.

(2) The Registry referred in paragraph (1) of this article is kept electronically.

(3) The form and content of the Registry referred in paragraph (1) of this article is provided in Enclosure 1 as integral part of this rulebook.

Article 3

(1) Separate list of bankruptcy trustees is kept for each competent court, for bankruptcy trustees who applied to conduct bankruptcy procedure in the relevant court.

(2) The list of bankruptcy trustees in the courts contain the following data:

- name and surname of the bankruptcy trustee, address, telephone number, e-mail;

- name and registered address and unique registration number of the bankruptcy trustee- legal entity, i.e. sole proprietor in which the bankruptcy trustees employed

- number and issuance date of the certificate for passing the exam for specialist knowledge in the area of the reorganisation plan.

(3) The List referred in paragraph (1) of this article is kept electronically.

(4) The form and content of the Registry referred in paragraph (1) of this article is provided in Enclosure 2 as integral part of this rulebook.

Article 4

The data in the Registry of the bankruptcy trustees and the lists of the bankruptcy trustees in courts that acquired licenses or whose licenses were revoked are entered by officials authorized by the Minister of Economy.

Article 5

The data in the Registry of the bankruptcy trustees and the lists of the bankruptcy trustees in courts that acquired licenses or whose licenses were revoked are entered no later than three days of their preparation are published on the web site of the Ministry of Economy.

Article 6

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No. 15-1437/1

26 February 2014

Skopje

Minister,

Valon Saracini

REGISTER OF BANKRUPTCY ADMINISTRATORS

Name and surname of the bankruptcy administrator	Address	Phone number	Name of the company/ sole proprietor in which the bankruptcy administrator is employed	Issuance date/ date of renewal of the license	Amount of the professional liability insurance	Validity of the professional liability insurance	Number of certificate for passed exam for bankrupt administrator	Number of certificate for passed exam for specialist knowledge in the field of plan for reorganization	Issuance date of certificate for passed exam for specialist knowledge in the field of plan for reorganizati

ENCLOSURE 2

SPECIAL LIST OF BANKRUPTCY ADMINISTRATORS FOR EACH COURT

Name and surname of the bankruptcy administrator	Address	Phone number	E-mail	Name of the company/ sole proprietor in which the bankruptcy administrator is employed	Unique registration number the company/ sole proprietor in which the bankruptcy administrator is employed	Number of certificate for passed exam for specialist knowledge in the field of plan for reorganization	Issuance date of certificate for passed exam for specialist knowledge in the field of plan for reorganization

Pursuant to article 89 paragraph (6) of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

RULEBOOK ON THE FORM AND CONTENT OF THE SEPARATE TABLE (SCHEME) OF THE DETERMINED AND DISPUTED (CONTESTED) CLAIMS

Article 1

This Rulebook prescribes the form and the contents of the table (scheme) of determined and disputed (contested) claims.

Article 2

(1) The table (scheme) of determined and disputed claims is prepared in A4 format on white paper.

(2) The table (scheme) of determined and contested claims contains the following data:

- reference number;
- name, registered address, unique identification number of the entity - for legal entities and name and surname, address and unique personal identification number of the citizen - for individuals;
- payment rank;
- name of the payment operations' carrier;
- number of bank account;
- the legal basis of the claim;
- object over which a mortgage is established;
- the reported amount of the claim;
- fixed amount;
- contested amount;
- the legal basis for contesting;
- percentage share of the claim in the total receivables;
- total claims from the higher paid order and bankruptcy creditors and
- total claims of secured creditors.

(3) The form and content of the table (scheme) is provided in Enclosure which is integral part of this Rulebook.

Article 3

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No. 15-1438/1
26 February 2014
Skopje

Minister
Valon Saracini, signature

ENCLOSURE

TABLE (SCHEME) OF CONTESTED CLAIMS

[illegible]

Pursuant to article 31 paragraph (6) of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

RULEBOOK ON THE MANNER OF ELECTION OF BANKRUPTCY TRUSTEE IN ACCORDANCE WITH THE METHOD OF ELECTORNIC APPOINTMENT

Article 1

This Rulebook prescribes the manner of the election of bankruptcy trustee in accordance with the method for electronic appointment.

Article 2

The E- bankruptcy system automatically prepares Ranking list of bankruptcy trustees for each court separately.

Article 3

The ranking list referred to article 2 of this Rulebook is prepared on the basis of:

- number of bankruptcy cases that the bankruptcy trustee carries in all courts and
- duration of the bankruptcy procedure

The total number of points for each bankruptcy trustee shall be determined so that the data from paragraph (1) indent 1 of this article are multiplied by the data from paragraph (1) line 2 of this article.

The bankruptcy trustee with the lowest number of points is the first in the ranking list.

Article 4

When the bankruptcy judge receives a new bankruptcy case, or when he needs to appoint a new bankruptcy trustee to already existing bankruptcy case, he receives through the E-bankruptcy system the rank list of bankruptcy trustees of the court where the bankruptcy case is carried and appoints the first ranked bankruptcy trustee.

Article 5

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”

Pursuant to article 85 of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

RULEBOOK ON THE CONTENT AND MANNER FOR KEEPING THE BANKRUPTCY FILE

Article 1

This rulebook prescribes the content and manner for keeping the bankruptcy file which is established for each bankruptcy procedure.

Article 2

The bankruptcy file is kept electronically with the E- bankruptcy system with the Central Registry of Republic of Macedonia.

Article 3

The bankruptcy file contain inventory with valuation report, initial balance of bankruptcy, list of creditors and debtors, table with determined and contested claims, report on the economic- financial standing of the bankruptcy trustee, monthly and other reports of the bankruptcy trustees, final report and plan for reorganization.

Article 4

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

No. 15-1435/1

26 February 2014

Skopje

Minster,

Valon Saracini, signature

Pursuant to article 23-d paragraph (3) and article 23-l of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

**RULEBOOK
ON THE METHOD OF SCORING THE FIRST AND SECOND
PART OF THE EXAM FOR CERTIFIED BANKRUPTCY
TRUSTEE AND THE FORM AND CONTENT OF THE
CERTIFICATE FOR PASSED EXAM FOR CERTIFIED
BANKRUPTCY TRUSTEE**

Article 1

This rulebook prescribes the manner of scoring of the first and second part of the exam for certified trustee and the form and content of the certificate for passed exam for certified bankruptcy trustee.

Article 2

(1) In the first part of the exam, the correct answer to the questions is scored with two points, similar answers with the correct score are scored with one point, the inaccurate answer on a small scale with zero point five, and the inaccurate answer on a large scale with zero point. The maximum number of points won is 100.

(2) In the second part of the exam, the correct answer to the questions is scored with five points, with two points and one point depending on the accuracy of the answer. All members of the commission from the respective area perform the scoring of the five questions answered, upon which the average value of the points won for each issue is calculated. The maximum number of points won for each of the practical questions is 100.

Article 3

(1) The certificate for passed professional exam for certified bankruptcy trustee is issued on paper in white in A-4 format.

(2) The certificate referred to paragraph (1) of this article contains the following data:

- Coat of Arms of Republic of Macedonia:
- Republic of Macedonia:
- Ministry of Economy:
- the words: In accordance with article articles 23-d paragraph (3) and

article 23-1 of the Bankruptcy Law the Minister of Economy issues“;

- Surname, father's name and candidate's name;
- birth date;
- Place of birth;
- the name of the school where the necessary education was obtained;
- issuance date of the certificate / diploma;
- the date on which the exam was passed;
- number and issuance date of the certificate and
- place of stamp and signature of the Minister of Economy.

(3) The form and content of the certificate of paragraph (1) of this Article are provided in Enclosure no.1 as integral part of this rulebook.

Article 4

This Rulebook enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

15-1471/1

Minister

26 February 2014, Skopje

Bequim Neziri, signature

[Coat of Arms of Republic of Macedonia]

Republic of Macedonia
MINISTRY OF ECONOMY

Pursuant to article 23-1 of the Bankruptcy Law the minister of economy grants:

CERTIFICATE

For passed exam for authorized bankruptcy administrator

_____ born on _____
surname, father's name and name of the candidate date of birth

in _____, with professional education in

name of the school where the candiadate had the education

Diploma issued on _____ on _____
Issuance date of the diploma date of passing the exam

the candidate passed the professional exam for authorized bankruptcy administrator with:

No. _____
Skopje

Minister of Economy

Pursuant to article 290-a paragraph (2) of the Bankruptcy Law (Official Gazette of Republic of Macedonia no. 34/06, 126/06, 84/07, 47/11, 79/13, 164/13 and 29/14) the Minister of Economy adopted

PROGRAMME ON THE SPECIALIST TRAINING FOR THE PREPARATION AND IMPLEMENTATION OF THE PLAN FOR REORGANISATION, EXAM FOR ACQUIRING OF CERTIFICATE FOR SPECIALISTIC KNOWLEDGE

1. This program prescribes the topics for which the specialized training for preparation and implementation of the plan for reorganization is conducted, as well as the topics for passing the exam for acquiring a certificate for specialistic knowledge.
2. The program from item 1 of this program is comprised of the following topics:

I. TRADE COMPANIES

1. Notion of trade companies, establishment, forms of trade companies, duration of trade companies, company as a legal entity, liability for obligations, special responsibility of the founders or shareholders;
2. Management of trade companies;
3. Management of the assets of the company, management of the costs, management of the quality of the company's economy, management of the results;
4. Features of the companies;
5. Name, headquarter and core activity;
6. Representation of trade companies;
7. Procurator, commercial attorney and commercial traveler;
8. Trade registry and registration procedure, notion of the trade register, entities subject to registration, data entered in the trade register, the types of registration and the principles for registration in the trade register, and
9. Trade books, annual accounts, financial statements, accounting and auditing of financial statements

II. FINANCIAL REPORTS

1. The concept and types of financial statements;

2. Balance sheet;
3. Income statement;
4. Statement of changes in equity; and
5. Cash flow statement.

III. FINANCIAL ANALYSIS

1. Application of financial analysis;
2. Procedure for financial analysis;
3. Ratio analysis:
 - indicators of liquidity;
 - indicators of the activity;
 - indicators of indebtedness;
 - Profitability indicators;
 - indicators of market value and
4. DIPON analysis.

IV. TIME VALUE OF MONEY

1. Definition and meaning;
2. Discounting;
3. Calculation of future value;
4. Cumming;
5. Calculation of the present value;
6. Determining the discount rate and
7. Application of the concept of time value of money

V. LONG-TERM FINANCIAL DECISION

1. Performance characteristics of capital investments;
2. Capital investment planning procedure;
3. Components of the investment process:
 - lifespan of the investment and its projections;
 - Cash flows;
 - treatment of depreciation;
 - investments in continual and permanent working capital;
 - application of the principle of incrementality;
 - determining the discount rate;
 - treatment of inflation;
4. Application of cash flows for evaluation of investment projects:
 - net present value and residual value of capital;
 - assessment of the project's cost-effectiveness;

5. Criteria for evaluation of investment projects;
6. Payback period for the investment;
7. Average yield rate;
8. Net - present value;
9. Internal Rate of profitability and
10. Long-term investments and risk.

VI. PRICE (COST) ON CAPITAL

1. Determining the expected rate of return as basis for the price of capital;
2. Debt price;
3. Price of the capital of priority shares;
4. Equity price of ordinary shares;
5. Application of the CAPM method;
6. Gordon's model (constant growth rate);
7. Method of upgrading;
8. Price of capital from internal sources (accumulated profit); And
9. Determining the weighted average price of capital (WACC).

VII. VALUATION METHODS

1. Statistical approach in valuation- Method of corrected book value and
2. Income methods for valuation of the capital.

VIII. REORGNISATION

1. GENERAL ON REORGNISATION

- 1.1. Financial operations (basic rules for the financial operations, ensuring liquidity and solvency, financial operations risks, monitoring and ensuring capital adequacy, fulfillment of monetary obligations, obligations of management bodies of the company when insolvency occurs) and
- 1.2. Reorganization of the entity (plan for reorganisation, term and aim, content of the plan for reorganisation, measures for its realization, preparatory part of the plan, content part, enclosures which need to be submitted with the plan, financial projection of the profit and loss statement, balance sheet and cash flow for the next five years).

2. REORGANISATION IN PRELIMINARY PROCEEDING

- 2.1. Preparation of the plan for reorganisation and its submission to the creditors;

2.2. Procedure for deciding and participation of the court in the procedure for deciding on the plan for reorganisation

2.3. Closing the bankruptcy procedure

3. REORGNISATION IN BANKRUPTCY

3.1. Preparation of the plan for reorganisation and its submission to the creditors;

3.2. Procedure for deciding and participation of the court in the procedure for deciding on the plan for reorganisation;

3.3. Closing the bankruptcy procedure;

3.4. Supervision and control over the plan for reorganisation;

3.5. Decision on the supervision and control over the execution of the plan for reorganisation;

3.6. Announcement of the supervision;

3.7. Right and obligations of the bankruptcy trustee;

3.8. Abolishment of the supervisions and

3.9. Initiative for opening bankruptcy procedure.

3. For carrying out the specialist training for preparation and implementation of the plan for reorganisation and for passing the professional exam for obtaining certificate for specialist knowledge the following literature and regulations are used:

- Bankruptcy Law;

- Trade Company Law ;

- Financial management, Sasho Arsov, Faculty of Economic Skopje, 2007;

- Professional standard on the minimum data which the plan for reorganisation submitted by the bankruptcy trustee should contain and

- Professional standard for performing supervision over the implementation of the plan for reorganisation

4. This Program enters into force the day following the day of its publication in the “Official Gazette of Republic of Macedonia”.

no. 15-1436/1

26 February 2014

Skopje

Minister,

Valon Sarcini, signature

Provisions of the Trade Company Law regulating the liquidation of legal entities

COMPANY'S LIQUIDATION

Company's liquidation

Article 538

(1) If no bankruptcy procedure has been initiated over the company, liquidation shall be conducted following the adoption of the decision on termination of the company.

(2) If the provisions of this Law or the aim of the liquidation does not arise anything new, until the completion of the liquidation, the provision of the this Law valid for the companies that have not been terminated shall be valid.

Liquidators

Article 539

(1) The liquidation of a public trade company shall be carried out by all members as liquidators, and with respect to the limited partnership, and the limited partnership with stocks all general partners, unless the members, by way of an agreement, have entrusted it to certain members. Two or more inheritor of a decision member shall be obliged to appoint a joint representative.

(2) The liquidation of a limited liability company and a joint stock company shall be carried out by the members of the management body, that is, the manager of the company, in the capacity of liquidators.

(3) The liquidators referred to in paragraph (1) and (2) of this Article can at any time be dismissed by the members, that is the assembly.

Liquidators appointed by the court

Article 540

(1) If the members, that is the stockholders have not appointed a liquidator, and when this Law determined that the court is to carry out the liquidation of the company, the liquidator shall be appointed by the Court.

(2) If there are substantial reasons and if the proposers made the substantial reasons probable and upon a proposal of the members, that is the stockholders whose joint share, that is stock represent at least 20 percent of the basic capital, the court can appoint liquidators from the list of persons proposed by the members, that is the stockholders.

(3) The liquidators appointed by the court shall be entitled to compensation of expenses and remuneration for their engagement as liquidators. If the liquidators appointed by the court and the company cannot reach an agreement, the court shall determine the amount of the compensation and the bonus.

Entry in the trade register

Article 541

(1) The initial liquidators and their authorizations shall be registered for the purpose of entry in the trade register. Any change for the purposes of entry in the trade register shall be registered by the liquidators themselves.

(2) The application for entry of a liquidator, as well as any change for the purpose of entry in the trade register reported by the liquidators themselves, can be submitted in electronic form via the one-stop-shop system.

(3) The appointment and dismissal of liquidators by the court shall be *ex officio* entered in the trade register.

(4) The liquidators shall submit their signature certified by a notary to the Central Register of the Republic of Macedonia, unless they have already done that as members of the management body or as managers.

(5) As an exception to paragraph (4) of this Article, the liquidators can submit their signature as an attachment in electronic form via the one-stop-shop system, provided that it is signed with an electronic signature without being verified by a notary.

Rights and obligations of the liquidators

Article 542

(1) The liquidators shall be obliged to complete the transactions in progress, to collect the claims of the company, to sell the other assets and to settle the liabilities toward the creditors. If it is so required by the liquidation, they can also conclude new transactions in favor of the company in liquidation.

(2) The liquidators can, by agreement with the members, that is the stockholders and the creditors, to transfer certain objects from the liquidation estate to certain stockholders and members, provided that it does not violate the rights of the other members, stockholders and creditors.

(3) The liquidators, within their scope of operations, shall have the rights and the obligations of the management body. If a company has a supervisory board, the liquidators shall be under its supervision.

Liquidator's responsibility

Article 542-a

(1) The liquidator shall be responsible with his/her entire property for the damage that he/she caused to creditors during the liquidation procedure. If more liquidators are appointed for the damage they shall be jointly liable. The liquidator shall not be liable for the damage when a creditor's claim has not been paid within the time period for reporting the requirements referred to in Article 544 of this Law, and that the liquidator did not know or could know.

(2) The regulations on damage liability shall be applied to the damage caused by the liquidator to the stockholders or the members.

(3) A request for damage compensation to the court against any person liquidator can be filed within a time period of one year after the deletion of the company from the trade register.

(4) The legal actions undertaken in the process of liquidation cannot be contested after deleting the trade company from the trade register.

Representation of a company undergoing liquidation

Article 543

(1) The liquidators shall represent the company.

(2) If more liquidators are appointed, they shall represent the company collectively, unless otherwise determined by the articles of association, that is, the statute. If there is an obligation to give statement to the company by third parties, it shall be sufficient for it to be given in the presence of one of the liquidators.

(3) The liquidators authorized for collective representation can authorize a liquidator or certain liquidators to undertake certain activities or certain types of activities.

(4) An individual liquidator can authorize certain persons to undertake certain activities or certain types of activities.

(5) The representation authorization referred to in paragraphs (3) and (4) of this Article cannot be limited.

(6) The liquidators shall sign by adding the words "undergoing liquidation" to the business name of the company.

Publication of the liquidation

Article 544

The liquidator shall, following the entry in the trade register, shall without delay and in a time period not shorter than seven days, and not longer than

15 days following the entry in the trade register, that the company is undergoing liquidation. The announcement shall be published in on the web page of the Central Register of the Republic of Macedonia. The announcement shall call the creditors to report their claims within 15 days as of the day of the publication of the web page of the Central Register of the Republic of Macedonia. The known creditors shall be individually notified in writing regarding the liquidation.

Balance for initiation of a liquidation proceeding

Article 545

(1) The liquidator shall compile a balance sheet according to the situation as of the day the initiation of the liquidation proceeding (initial balance on the initiation of the liquidation) and a report explaining the balance sheet, as well as the report on the operation of the company during the year for which the annual account statement is prepared.

(2) The members, the members' meeting and the company's assembly shall decide regarding the initial balance, the annual account and the report on the company's operation, and upon approval of the liquidator operations.

Converting the company's assets into cash

Article 545-a

The Ministry of Economy shall prescribe the manner of converting the company's assets into cash.

Termination of the liquidation proceeding and submission of a proposal for initiation of a bankruptcy proceeding

Article 545-b

If the liquidator on the basis of reported claims of the creditors determines that the property of the company in liquidation is not sufficient to cover the obligations to all creditors in full together with the interest, the liquidator shall obliged to immediately stop the liquidation proceeding and submit a proposal for initiation of a bankruptcy proceeding.

Deletion of the trade company due to unreported claims from the creditors

Article 545-c

If the liquidator upon the expiry of the time period for reporting of the claims, determines that no claims from the creditors have been filed, he/she shall be

obliged within a time period of three days to submit an application for deletion of the trade company from the trade register. Prior to the submission of the application for deletion of the trade company in electronic form via the one-shop-stop system, the liquidator can sign it thereon with an electronic signature.

Distribution of the assets remaining after settling the liabilities

Article 546

- (1) The assets remaining after the settlement of the claims toward the creditors shall be distributed among the members, that is the stockholders.
- (2) The assets shall be distributed in proportion to the nominal amounts of the shares, that is the stocks, unless otherwise determined in the articles of association, that is, the statute of the company, and unless there are stock conferring different rights when distributing the remaining assets of the company.

Submission and keeping of documentation

Article 547

- (1) Following the completed liquidation, the liquidators shall submit the annual account and the report to the members, the members' meeting or the company's assembly.
- (2) The liquidators shall, in addition to the application for deletion of the company from the trade register, submit to the court the approved annual accounts, as well as a copy of the decision of the members adopted at the members' meeting and the company's assembly wherein the operation of the liquidators is approved.

Time period for distribution of the assets remaining after the settlement of the liabilities

Article 548

- (1) The company assets can be distributed upon the expiry of six months as of the day of publication of the announcement to the creditors.
- (2) If one of the known creditors does not respond, the amount owed to him/her shall be placed at a court deposit.
- (3) If a certain liability cannot be settled immediately or is disputable, the distribution of the assets can be carried out only if the creditor is provided with a collateral.

Assets emerging after the deletion of the company

Article 549

If, following the deletion of the company in the trade register, assets of the company have been identified, the court shall, upon request of any entity having legal interest, recall the liquidators or appoint new ones, who shall act in accordance with the provisions of this Law referring to the liquidation.

Protection of rights against a deleted company

Article 550

If any legal action is exercised against the deleted company, the court shall appoint a temporary representative to the former company. The persons liable for the liabilities of the former company can be subject to a complaint within the scope of their responsibility, provided that they do not reach the time barred status.

Conditions under which a decision for extension of the existence of the company can be adopted

Article 551

(1) If the company is terminated as a result of the expiration of the time period determined in the articles of association, that is, the statute or a decision of the members, the members' meeting or the company's assembly can adopt a decision to extend the existence of the company until the initiation of the distribution of assets among the members, that is the stockholders.

(2) The decision referred to in paragraph (1) of this Article shall be adopted with the consent of all members of the limited liability company, that is two thirds of the voting stocks represented at the company's assembly.

(3) The liquidators shall report the extension of the existence of the company for the purpose of entry in the trade register. When filing for the entry, the liquidators shall be obliged to prove that the distribution of the company assets among the members, that is the stockholders has not commenced yet.

Announcement of the deletion

Article 552

Following the completion of the liquidation, the liquidator shall submit an application for deletion of the company from the trade register and shall inform the Central Securities Depository that the stocks of the joint stock company and the limited partnership with stocks have been canceled and shall give an order for closure of the stockholders list.

In accordance with article 545-a of the Trade Company Law (“Official Gazette of Republic of Macedonia“ no. 28/2004, 84/2005, 25/2007 and 87/2008), the minister of economy adopts

RULEBOOK ON THE MANNER FOR CASHING IN THE ASSETS OF THE COMPANY IN LIQUIDATION

Article 1

This Rulebook regulates the manner of cashing in the assets of the company in liquidation, which represents a liquidation estate by means of: public bidding; public announcement for collecting bids and direct agreement.

Article 2

Certain expressions used in this Rulebook have the following meaning:

1. “Appraised value of the assets of a company in liquidation” is the value determined by an expert (valuer), based on the liquidation value of the respective assets in accordance with the international valuation standards.
2. “Liquidation value” is monetary amount which can be collected with a separate sale of parts of the assets of the company in liquidation, on a specified market, within short time period.
3. “Documents for sale” are documents prepared in relation to the sale of the assets, comprised of: inventory list with a description of the assets, the purpose of the assets, appraised value of the asset, as well as all other information on the assets which are important for determining its value.
4. "Initial price" is the value on the basis of which the public bidding procedure or the procedure of the public call for collecting bids begins.
5. "Deposit" means the payment of a monetary amount or the deposit of an irrevocable first-class bank guarantee in the manner specified by the liquidator.
6. "Public bidding" is a way of securing the cashing in of the assets of the company in liquidation that is carried out so that after the advertisement and acceptance of the starting price, the interested buyers publicly announce their unconditional offers for the purchase of the assets that should be higher than the previously announced bid .
7. "Public announcement for collecting bids" is a way of securing the cashing in of the assets of the company in liquidation that is conducted so that the interested buyers place their offers in written form in closed envelopes that

are opened in a publicly published place and in the presence of representatives of the Bidders and other persons.

8. "Immediate (direct) Agreement" is the means of securing the cashing in of the assets of a company in liquidation that is carried out so that the liquidator directly informs the potential buyer or future buyers about the terms of the sale.

Article 3

(1) The cashing in by way of public bidding is organized and carried out by the liquidator. When conducting the procedure the liquidator can also be assisted by other persons that he will authorize or engage.

(2) When the cashing in of the assets is carried out by public bidding, the liquidator shall, within 15 days from the day of adopting the decision by the managing body:

- 1) Publish the announcement on the manner for cashing in;
- 2) Keep records of paid or received deposits;
- 3) Register the participants at the public bidding;
- 4) Perform the public bidding;
- 5) Keep a record of the course of the public bidding;
- 6) Ascertain which of the participants at the public bidding offered the best price and obtained the right to buy the assets- subject to the public bidding
- 7) Submit the minutes and other written evidence from the conducted public bidding to the management body of the company under liquidation.

(3) The liquidator shall advertise the sale of the assets by public bidding in at least one daily newspaper of the three most circulated daily newspapers distributed throughout the territory of the Republic of Macedonia.

(4) The liquidator may publish the public bidding in a foreign newspaper, through the web page of the Ministry of Economy, as well as by direct reporting to the potential buyers for the sale. These forms of advertising of the cashing are conducted especially in case the appraised value of the assets subject to the cashing in exceeds the amount of one million euro in denar counter value.

Article 4

(1) The announcement for cashing in the assets through a public bidding shall contain:

- 1) The manner and conditions for cashing in;
- 2) Time and place for reviewing the assets subject to cashing;
- 3) Time and place of holding the public bidding;

4) A brief description of the assets that is in line with data on its purpose and real encumbrance, if any (right to servitude, protected rights of third parties, etc.);

5) The starting price of the assets subject to the public bidding;

6) The amount of the deposit that the interested participants at the public bidding are obliged to pay, as well as the manner and the deadline for payment of the deposit, as well as the manner and the place of collecting the forms with a statement by the interested participant at the public bidding that agrees with the loss or the right to retrieve the deposit in the cases determined in this Rulebook;

7) Description of the public bidding procedure and conditions under which the bidder who has acquired the right to purchase the asset in question will be designated;

8) The period within which the bidder who acquired the right to buy the respective asset is obliged to pay the offered price; and

9) Other data that the liquidator considers to be of importance for successful cashing of the asset by the public bidding.

(2) The conditions for the cashing in must contain information on the manner and conditions for submitting the sales documentation to all interested participants at the public bidding, with a clear indication that the information is provided only for the needs for their participation in the public bidding. The sales documentation must contain notice that the data contained in that documentation are not based on a personal conclusion and research of the liquidator for the assets being sold, and that the liquidator does not guarantee the shortcomings of the asset that is cashed, and that the buyers should accept as the final stated quantities, characteristics and purpose of the assets. The liquidator shall inform the interested buyers about all deficiencies of the respective assets, for which he is aware until the moment of the payment.

(3) With signing of the form of the statement for losing the right or for retrieving the deposit, the participant on the public bidding agrees that the deposit shall not be returned in the following cases:

1) If the participant at the public bidding does not register within the deadline determined prior to the commencement of the public bidding;

2) If the participant did not appear at the public bidding at the place and in the time when the holding of the public bidding for the sale of the debtor's asset was determined;

3) If none of the participants in the public bidding has accepted the determined initial price of the asset subject to the public bidding;

- 4) If the participant at the public bidding who acquired the right to buy the assets in question did not pay the offered price within 15 days from the day when he acquired the right to buy the assets in question.
- (4) If during the public bidding the liquidator acquires funds on the basis of keeping the paid deposits, they are credited to the bank account of the company in liquidation.
- (5) Cashing in of the assets by way of public bidding is performed in the premises of the company in liquidation. If the liquidator assessed that in the relevant case, cashing in of the assets shall be more efficient if performed in the place where the asset is located, or in some other place, the liquidator shall determine such place in the announcement for cashing in the assets by way of public bidding, as place for cashing in.
- (6) In the course for determining the time of the public bidding, the liquidator shall consider the same to be determined in a manner in which all of the participants will be able to participate.
- (7) The liquidator shall publish the announcement for cashing in the assets by way of public bidding in a prominent place at the place where the asset that is subject to cashing in is located.
- (8) The liquidator provides equal conditions for all interested buyers when it comes to the review of the asset that is cashed in. The review of the asset can be performed only by day and at precisely determined intervals.
- (9) The participants in the public bidding may review the asset at the latest seven days prior to the day of the public bidding.
- (10) The deposit which the participants of the public bidding should pay to participate in the public bidding shall be 10% of the starting price for cashing in the assets.
- (11) The sale of the asset by public bidding shall be carried out within the period of 8 to 15 days from the day of announcing the announcement for sale.
- (12) The liquidator shall keep separate records of the paid deposits. The payment of the deposit shall be considered as an application for participation in the public bidding.
- (13) The liquidator shall conduct the public bidding by:

- 1) Registering the persons entitled to participate in the public bidding;
- 2) Opening the public bidding by reading the bidding rules;
- 3) Inviting the participants to indicate the price they are willing to pay;
- 4) Keeping the order at the public bidding;
- 5) Finding that a certain participant at the public bidding has proposed the highest price in the event that another participant at the public bidding does not indicate a higher price than the last offered price after the third call by the liquidator;
- 6) Signing the minutes for the public bidding.

(14) As registration of the persons referred to in paragraph 13 item 10 of this article shall be considered:

- 1) Checking the identity of the participant at the public bidding or his authorized representative and confirmation of a paid deposit;
- 2) Issuing a card;
- 3) Signature of the participant at the public bidding or his proxy on the list of participants.

(15) The participant at the public bidding who will not register in the prescribed manner or does not attend the public bidding for the sale of the asset in question, loses the right to retrieve the deposit.

(16) The liquidator shall start registering the participants at the place of the public bidding two hours before the beginning of the public bidding. Registration of the participants should be completed 15 minutes before the time determined for the beginning of the public bidding.

(17) At the time determined in the announcement for public bidding as time for beginning of the public bidding, the liquidator shall open the public bidding by:

- 1) Stating the assets which are subject to public bidding;
- 2) Announces the initial prices of the assets which are subject to public bidding and explains the further procedure for conducting the public bid;
- 3) Calls the participants to request for explanation in respect of the assets which are subject to sale, the initial price, as well as the further procedure for conducting the public bid.

(18) In case when only one participant at the public bidding is registered at the public bidding, they are asked to accept the initial price by raising the card. If the participant at the public bidding accepts the starting price it is concluded that he also submitted the best bid, and the initial price of the public bidding is declared the selling price.

(19) If several participants at the public bidding are properly registered prior the beginning of the public bidding, the liquidator starts the public bidding

by announcing the initial price, determines each subsequent increase of the price and invites the participants to raise bids by raising the cards. The absolute amount of the price increase cannot be higher than the amount of the deposit paid by the participants at the public bidding and the same is determined by the liquidator.

(20) The determination of the new price is repeated until the participants raise offers at the determined price. If the participants after the second call from the liquidator did not submit a bid at the last determined price, the liquidator shall send the last call for bids. If after the third call of the liquidator no new offer is announced, the liquidator announces completion of the public bidding and concludes that the participant who offered the highest price is the most favorable bidder and acquired the right to purchase the asset in question.

(21) If none of the participants in the public bidding accepts the initial price, the public bidding is declared as unsuccessful, and the participants lose the right to return the deposit.

(22) The minutes contain the following items:

- 1) List of registered participants;
- 2) Determined initial price;
- 3) Amount of the increasing of the price;
- 4) The course of the public bidding;
- 5) The final selling price realized at the public bidding;
- 6) Data on the participant who offered highest price and acquired the right to by the respective asset and data on the participant who offered the second highest price;
- 7) Name and surname of the liquidator and the note taker;
- 8) Date and hours of the beginning and completion of the public bidding; and
- 9) Name and surname of the members of the management body who were present at the public bidding.

(23) The minutes of the public bidding is signed by:

- 1) The liquidator and the note taker;
- 2) The participant who offered the highest price and acquired the right to by the respective asset and its authorized representative;
- 3) The participant who offered the second highest price and acquired the right to by the respective asset and its authorized representative.

(24) The cashing upon the announced announcement for a public bidding is considered as unsuccessful, if:

- 1) no participant has applied for and has not paid a deposit;

2) none of the participants in the public bidding has accepted the starting price;

3) if the participant at the public bidding, who, as a second, is declared a buyer, does not pay the purchase price within the prescribed deadline and according to a prescribed procedure, in which case the right to return of the deposit is lost.

(25) If the cashing on the first public bidding is unsuccessful, the liquidator will carry out the consequent liquidation of the respective assets by public bidding by re-publishing the announcement for public bidding with a starting price that cannot be less than half of the appraised value.

Article 5

(1) The cashing in of the assets by way of public announcement for collecting bids shall be organized and carried out by the liquidator. In conducting the procedure, persons authorized or engaged by the administrator in accordance with this rulebook can help the liquidator.

(2) When cashing in of the assets is carried out by way of public announcement for collecting bids, the liquidator should:

1) Announce the sale of the assets;

2) Collect the bids;

3) Open the submitted bids;

4) Reject or refuse the bids, as well as to establish which of the submitted offers is most favorable; and

5) Inform the participants on the results of the public announcement for collecting offers.

(3) The liquidator shall announce the cashing of the assets by public collection of bids in at least one at least one daily newspaper of the three most circulated daily newspapers distributed throughout the territory of the Republic of Macedonia.

(4) The liquidator may publish the public bidding in a foreign newspaper, through the web page of the Ministry of Economy. This manner of publishing the announcement for cashing in the assets by collecting bids is performed by the liquidator when the appraised value of the assets which are subject to sale exceeds the amount of one million euro in denar counter value.

Article 6

(1) The public announcement for cashing in the assets of the company in liquidation by way of collection of bids contains:

- 1) Manner and conditions of cashing, as well as the place and time during which the interested participants can obtain the sales documentation;
- 2) Time and place for reviewing the assets;
- 3) Place and deadline for submission of bids;
- 4) Brief description of the asset that is cashed, with data on the purpose and possible real encumbrances (rights of servitude, protected rights of third parties, etc.);
- 5) The appraised value of the asset, mentioning that the appraised value is not the minimum acceptable value, nor in any other way is a binding or determining one for the bidder when determining the amount of the bid;
- 6) The amount of the deposit, which the interested participants are obliged to pay five days before the deadline for submission of bids;
- 7) notification that the opening of the bids is done 15 minutes after the expiration of the deadline for submission of bids, at the designated place, as well as a notification to the interested participants to attend the opening of the bids following the public announcement for bidding; and
- 8) other data that the liquidator will find important or successful cashing of the estate by a public call for bids.

(2) The liquidator shall publish the announcement for cashing in the assets by collecting bids in a prominent place at the registered office of the company in liquidation and in the place where the asset that is subject to cashing in are located, as well as shall provide sufficient number of copies of the sales terms which can be taken.

(3) The conditions for the cashing in must contain the following information: the manner for taking the sales documentation, inventory and description of the assets, general purpose of the assets and the appraised value of the assets with appropriate documentation. The conditions for cashing in the assets must contain clear indication that the information above are provided only for the needs for their participation of the interested participants in the sale by way of public collecting of written offers. Also, with the documentations, the liquidator states all deficiencies of the assets in question, for which he is aware until the moment of the payment.

(4) The sale documentation should contain notification that the data contained in the relevant documentation are not evaluated by the liquidator and that the liquidator is not responsible for any deficiencies of the assets

which are subject to cashing in, as well as that the buyers should accept as final the stated quantities, characteristics and purpose of the assets.

(5) The liquidator provides equal conditions for all interested buyers when it comes to the review of the asset that is cashed in. The review of the asset can be performed only by day and at precisely determined intervals.

(6) The review the assets which are subject to cashing in may be performed in a period of eight days of the day determined as date for submission of the offers, at the latest.

(7) The deposit which the interested participant should pay to participate in order to be able to submit written bid amounts 10% of the starting price for cashing in the assets.

(8) Interested participants submit the offers in writing. As clean offers shall be accepted the written offers in a sealed envelope with note "Offer" and with note that the offer is referred to cashing in the assets of the respective company in liquidation, to which the public announcement for collecting bids refers.

(9) The liquidator shall write the correct time of receipt on each of the submitted offers. The liquidator shall not take in consideration the oral offers.

(10) The liquidator shall record and document the submitted offers, by writing all offers which were submitted within the deadline determined in the announcement, noting the date and correct time of the recipient of each offer. Insight in the evidence of the offers can be performed by all interested participants who fulfilled the conditions of the announcement for submitting bids and request to perform insight in the evidence.

(12) The liquidator opens the offers:

1) At the time, place and in the manner indicated in the announcement for sale of the asset by means of announcing a public announcement for collecting bids;

2) In the presence of the members of the management body of the company under liquidation.

If at the time of the opening of the bids the members of the managing body are not present, the liquidator can approach the opening of the bids even without their presence;

3) In the presence of all interested participants in the public announcement that submitted written offers. In case when the participants who have submitted written offers do not attend the opening of the bids, the liquidator shall record this in the minutes and will start the opening of the received bids.

(13) The liquidator shall not accept the offer in which no exact amount has been stated, but it contains a percentage amount that can be calculated only

in relation to another bid, because such bid is not in accordance with the conditions for the cashing in.

(14) The liquidator shall refuse as incomplete or unclear the written offers submitted by the interested participants that are compiled contrary to the rules set forth in this Rulebook, and especially if the envelope contains data referring to the interested participant and a stamp from which it can be determined by whom it was submitted, there is no proof for a paid deposit five days before the deadline for submission of the bids, the offer does not contain the signature and stamp of the interested participant, the amount that the interested participant offers for the asset that is any objects of cashing the assets is misspelled.

(15) The liquidator for the course of the opening of the written offers shall keep a record stating: the time when the opening of the received bids started, the number of bids received, the order of the opening of the received bids by indicating the data of the interested participant and the amount of the offered price and the asset of the company in liquidation to which such offer refers. After the opening of the written offers, the minutes shall be signed by the liquidator, the recorder, and the present interested participants.

(16) The liquidator shall, immediately after the opening of the received bids, determine which of the participants submitted the most favorable bid, in accordance with the conditions of the announcement, and that shall be announced to the present participants.

(17) The liquidator, the overall written documentation regarding the public announcement for collecting bids, as well as the minutes in which it is determined which bid submitted by the participants in the public announcement is most favorable, shall submit them to the management body of the company in liquidation.

(18) If the participant in the announcement whose offer is accepted does not pay the offered price within 15 days from the day of the opening of the bids, he loses the right to retrieve the deposit.

(19) The liquidator does not guarantee that the asset sold has certain characteristics in terms of quantity, quality or corresponds to the goal foreseen by the participant in the announcement whose offer is accepted. The liquidator makes it clear to the future buyers that they should determine the characteristics of the asset that is the subject of the sale, except when it comes to deficiencies for which the liquidator was aware until the moment of sale.

(20) The liquidator takes care that some of the persons who are engaged in the liquidation procedure or who have been employed by the company in liquidation will not make any opinion regarding the asset being sold.

(21) In case the best bid of the participants in the announcement was lower than the estimated value, the liquidator shall decide on the manner of sale of the asset in question in accordance with the provisions of this Rulebook.

(22) In the event that the assets in question cannot be cashed at a price lower than the appraised value, the liquidator may decide to have the subsequent cashing of the asset in question conducted by collecting written offers without a starting price. In that case, the liquidator will carry out again the cashing in of the assets in question in accordance with the provisions of this Rulebook, which refer to the liquidation of the company's assets under liquidation by means of a public announcement for collecting bids.

Article 7

(1) Where the asset subject to cashing has not been cashed in for two consecutive announcements for public bidding or by announcing two public announcements for collecting bids, in such case the assets may cashed with direct agreement.

(2) When selling the asset by way of direct agreement, the liquidator:

1) Determines the most appropriate manner for advertising in order to ensure the greatest possible competition;

2) Directly contacts the potential buyers;

3) May engage consulting firms specialized in financial transactions that will be obliged to plan for the marketing of sales, depending on the attractiveness and value of the assets subject to sale;

4) In the preparation and distribution of the advertising material, takes care of keeping confidential data related to the assets in question, i.e. requesting interested buyers to sign an agreement for the storage of confidential data when downloading the advertising material;

5) Introducing the interested buyers with all the data (operational, legal and financial) related to the subject of the sale for which he is aware and with the fact that he is not responsible for the physical defects that will be further determined and warns that they should determine the characteristics of the asset being sold by themselves.

(3) In cashing in movable objects that are part of the equipment that does not disturb the technological process: raw materials, unfinished products, inventory, waste materials, products with a shelf life, etc., the liquidator can proceed with cashing in through direct agreement and at a lower cost than the appraised one.

Article 8

(1) Cashing in of the shares which are part of the liquidation estate shall be carried out on a stock exchange. The cashing in of the shares in respect of the price and the manner of sale, shall be performed by the liquidator in accordance with the Law on Securities.

(2) The liquidator shall perform the sale of shares that are part of the liquidation estate in accordance with the provisions of the Trade Company Law and this Rulebook.

(3) If the share that is the subject of sale is in a company where the company in liquidation is shareholder, before starting with the sale of the share, the liquidator should inform the other shareholders that have the priority right to buy the share. The other shareholders may participate in the sale of the share that will be conducted according to the provisions of this Rulebook, which refer to the public bidding, whereby they have no obligation to increase the offered price, but only accept it with the words "I accept".

In case the share that is the subject to sale is in a company established by the debtor as sole shareholder, the liquidator shall immediately initiate sale by way of public bidding.

Article 9

This Rulebook enters into force the day following the day of its publication in the "Official Gazette of Republic of Macedonia".

No.16-6393/1

20 August 2008

Skopje

Minister,

Fatmir Besimi, signature

Provisions of the Trade Company Law regulating the deletion of entities of the Trade register

Procedure for determining status of inactive entity

Article 477-a

(1) The Central Register of the Republic of Macedonia shall enter in its records that a procedure for determining a status of inactive entity is being conducted for the entity and shall notify the Public Revenue Office about each entity for which it has established that meets the requirements referred to in Article 477 paragraph (10)¹ of this Law in an electronic manner.

(2) The Public Revenue Office shall initiate a procedure for determining a status of inactive entity for the entities referred to in Article 477 paragraphs (9)² and (10) of this Law for which it has been notified in an electronic manner in accordance with paragraph (1) of this Article. In the procedure, the Public Revenue Office shall establish whether, during the period for which an annual account and financial report has not been submitted, the entity:

- has effectuated transactions on any basis through a transaction account opened with a bearer of payment operations (including also cases of only funds inflow) or

- in any other manner, has managed its funds and property that the Public Revenue Office has established during the carrying out of the activities within its scope of competences.

(3) In the cases of outflow of funds or transfer of property on the basis of coercive collection, that is, enforcement at the entity - debtor, it cannot be treated as an activity of the entity in the procedure for determining status of inactive entity.

(4) The Public Revenue Office shall adopt a decision on determining of a status of inactive entity if the entity for which the procedure has been

¹ Paragraph (10) of Article 477 is as follows:

(10) Sole proprietors and trade companies that have not carried out any trade activity, that is, an activity that according to the nature and scope of actions may be considered trade activity in the previous year shall be obliged, in addition to the written notification that they have not been active, to submit an annual account containing data on a prescribed form to the Central Register of the Republic of Macedonia by the last day before the expiry of the legal deadline for submission of annual accounts in accordance with the provisions of this Law at the latest.

² Paragraph (9) of Article 477 is as follows:

(9) Every large and medium size commercial entity shall be obliged to submit the annual account to the Central Register solely in an electronic form.

conducted in accordance with paragraph (2) of this Article is determined not to meet the requirements defined in paragraph (2) of this Article. The Public Revenue Office shall immediately notify the Central Register of the Republic of Macedonia in an electronic manner that the company has been established the status of inactive entity, for the purpose of its entry in the records.

(5) If the Public Revenue Office, in the procedure for establishing the status of an inactive entity, establishes that the conditions for inactive entity are not met, by a decision, shall oblige the entity, within a period of 30 days as of the adoption of the decision, for the business year, to re-submit an annual account and financial reports, together with a previously made audit by an authorized auditor, to the Central Register of the Republic of Macedonia.

(6) If the Public Revenue Office establishes that there are certain discrepancies in the data in the annual account and the financial reports submitted to the Central Register of the Republic of Macedonia regarding the data submitted to the Public Revenue Office, by a decision, shall oblige the entity, within a period of 30 days as of the adoption of the decision, for the business year, to re-submit an annual account and financial reports, together with a previously made audit by an authorized auditor, to the Central Register of the Republic of Macedonia.

(7) The Public Revenue Office shall inform electronically the Central Register of the Republic of Macedonia about the adopted decisions referred to in paragraphs (5) and (6) of this Article.

(8) If the entity referred to in paragraphs (5) and (6) of this Article fails to submit an annual account and financial reports within the set deadline, it shall be deleted from the trade register in accordance with the provisions of Articles 552-a and 552-b of this Law.

Procedure for deletion of inactive entities from the competent register

Article 552-a

(1) The Central Register of the Republic of Macedonia shall be obliged, within a period of 30 days as of the creation of the conditions for deletion of an inactive entity and the reasons determined by Article 552-b of this Law, to post an announcement on its website thereof and to conduct a procedure for its deletion. The announcement shall contain the name of the trade company, its PINE and the head office, the reasons for the deletion, the information about the legal consequences from the deletion, and the deadline for acting upon the information. At the same time, the legal representatives, i.e. the persons and the bodies authorized for its management, representation

and supervision of the entity, the members/partners, as well as the creditors (authorized submitters), in a period of one year as of the day of posting of the announcement, are invited to submit a bankruptcy proposal in accordance with the Law on Bankruptcy or a liquidation proposal in accordance with this Law and to notify the Central Register of the Republic of Macedonia in writing thereof. The Central Register of the Republic of Macedonia shall inform the public about the published announcement in at least one printed medium that is published on the whole territory of the Republic of Macedonia and on the national radio and television public service.

(2) If the Central Register of the Republic of Macedonia does not receive a notification for a submitted liquidation proposal, i.e. a proposal for opening a bankruptcy procedure by an authorized submitter in the time period determined in paragraph (1) of this Article, it shall delete the entity and shall post the deletion on its website, and in the cases of trade companies, in the announcement, the partners, that is, the stockholders of the deleted companies shall be called to mutually distribute the property of the company in accordance with paragraph (4) of this Article.

(3) If the Central Register of the Republic of Macedonia, in a period of one year as of the day of expiry of the deadline referred to in paragraph (1) of this Article, does not receive a decision to open a bankruptcy procedure, i.e. a liquidation procedure is not opened in accordance with the provisions of this Law, the Central Register of the Republic of Macedonia shall delete the entity and shall post the deletion on its website, and in the cases of trade companies, in the announcement, the partners, that is, the stockholders of the deleted companies shall be called to mutually distribute the property of the company in accordance with paragraph (4) of this Article.

(4) The movable and immovable assets of the trade companies deleted in accordance with Article 552-a of this Law shall be distributed in a period of one year as of the day of adoption of the decision on deletion. The monetary funds and the immovable property shall be distributed within a period of ten days as of the day of adoption of the decision on deletion. If the assets of the company are not distributed upon the expiry of these deadlines, i.e. until the distribution of the newly found assets, they shall be transferred into the ownership of the Republic of Macedonia and the Republic of Macedonia shall be bound to keep the movable assets for one year, and the immovable assets and the monetary funds for ten years. Within this deadline, the founders shall be entitled, in a court procedure, to prove their ownership of the assets and to request for their return.

(5) The Central Register of the Republic of Macedonia shall, every month, on its website, post an overview of sole proprietors and trade companies that, in accordance with this Law, are deleted from the trade register during the previous month, based on which the competent bodies and institutions shall act within the scope of their competences.

Article 552-b

(1) The sole proprietor and the trade company shall be deleted from the trade register in the procedure set out in Article 552-a of this Law, provided that any of the reasons are created:

- they have not submitted an annual account and financial reports for the last business year by the last working day of the current year and
- they have not registered an entry of an electronic mail box address for receipt of writs in accordance with Article 21 paragraph (4) of the Law on the One-Stop-Shop System and Keeping a Trade Register and Register of Other Legal Entities.
- it does not contribute/pay the basic capital upon expiry of one year as of the publication of the entry on the website of the Central Register of the Republic of Macedonia for completed entry for incorporation in accordance with Article 175 of this Law .

(2) The procedure for deletion in accordance with paragraph (1) of this Article and Article 552-b of this Law shall be initiated *ex officio* by the Central Register of the Republic of Macedonia.

(3) The sole proprietors and the trade companies for which, in accordance with the reasons referred to in paragraph (1) of this Article, a procedure for deletion is initiated, the procedure shall be stopped if they eliminate the reasons for which it has been initiated during the publication of the list for deletion.