

This Law on Bankruptcy Proceedings in BiH reprints the text of the Federation Law, incorporating the latest amendments through December 31, 2005, and identifying differences in individual articles of the Law of Republic of Srpska in *italic font*.

References to "Sluzbene novine Federacije BiH" (Official Gazettes of RS) in the text of the Federation Law should read "Službeni glasnik RS" (Official Gazettes of RS).

LAW ON BANKRUPTCY PROCEEDINGS

(FBiH & RS)

I. BASIC PROVISIONS

- 1** Subject of the Law
- 2** Objectives of the Bankruptcy Proceeding
- 3** Parties in the Bankruptcy Proceeding
- 4** Petition to Open a Bankruptcy Proceeding
- 5** Bankruptcy Debtor
- 6** Grounds for Bankruptcy

II. GENERAL PROCEDURAL PROVISIONS

- 7** Jurisdiction
- 8** Appropriate Applicability of the Provisions of the Law on Civil Procedure
- 9** Principles of the Proceeding
- 10** Mandatory Participation and Coercive Measures
- 11** Legal Resources
- 12** Service and Public Announcement

III. PRELIMINARY PROCEEDING

- 13** Deposit of the Expenses of the Preliminary Proceeding
- 14** Determining the Grounds for Opening a Bankruptcy Proceeding
- 15** Protective Measures
- 16** Interim Bankruptcy Trustee's Tasks and Legal Status
- 17** Continuing Contractual Obligations During Interim Administration, Public Claims, and Employees' Claims
- 18** Effect and Announcement of Protective Measures
- 19** Public Register
- 20** The Responsibility of the Interim Bankruptcy Trustee
- 21** Termination of the Services of the Interim Bankruptcy Trustee

IV. BANKRUPTCY PROCEEDING

1. PARTIES IN THE BANKRUPTCY PROCEEDING

- 22** Bankruptcy Judge
- 23** Persons Who May Be Appointed Bankruptcy Trustees
- 24** [List of Trustees]
- 25** Rights and Responsibilities of the Bankruptcy Trustee
- 26** Accountability and Insurance of the Bankruptcy Trustee
- 27** Supervision of the Work of the Bankruptcy Trustee
- 28** Assembly of Creditors
- 29** Creditors' Committee

2. BANKRUPTCY ESTATE AND CLASSIFICATION OF CREDITORS

- 30** The Concept of the Bankruptcy Estate
- 31** Payment Priorities of the Bankruptcy Creditors
- 32** Bankruptcy Creditors of General Payment Priority
- 33** Bankruptcy Creditors of Higher Payment Priority
- 34** Bankruptcy Creditors of Lower Payment Priority
- 35** Maintenance of the Debtor
- 36** Unmatured, Conditional, and Non-Cash Claims
- 37** Separate Recovery and Compensation for the Right to Separate Recovery
- 38** Secured Creditors
- 39** Secured Creditors as Bankruptcy Creditors
- 40** Creditors of the Bankruptcy Estate
- 41** Costs of the Bankruptcy Proceeding
- 42** Debts of the Bankruptcy Estate

3. OPENING THE BANKRUPTCY PROCEEDING

- 43** Decision on the Petition to Open the Bankruptcy Proceeding
- 44** Direct Opening of a Bankruptcy Proceeding
- 45** Decision on Opening the Proceeding
- 46** Notice to Creditors and Debtors
- 47** Setting the Hearings
- 48** Announcement and Service of the Decision on the Opening of Bankruptcy(RS Law: Announcement of the Decision on the Opening of Bankruptcy)
- 49** Public Registers
- 50** Appeal of the Decision to Open the Bankruptcy Proceeding

4. LEGAL CONSEQUENCES OF OPENING A BANKRUPTCY PROCEEDING

a) General Effect of Opening Proceedings

- 51** Transfer of the Rights of Management and Disposition
- 52** Dispositions by the Bankruptcy Debtor

- 53** Payments in Favor of the Bankruptcy Debtor
- 54** Distribution of the Property of a Legal Corporation
- 55** Assumption of Disputes
- 56** Claims of the Bankruptcy Creditors
- 57** Execution Before the Opening of Bankruptcy Proceedings
- 58** Prohibition of Execution and Liens
- 59** Prohibition of Execution in Order for the Claims Against the Bankruptcy Estate to Be Paid
- 60** Prohibition Against Obtaining an Interest in Property of the Bankruptcy Estate
- 61** Suspension of Mail
- 62** Bankruptcy Debtor's Duty to Provide Information and to Cooperate
- 63** Representatives of Management(RS Law: Representatives of Management. Employees)
- 64** Personal Liability of Stockholders of the Corporation

b) Performance of Legally Binding Contracts

- 65** Right of the Bankruptcy Trustee to Choose
- 66** Fixed Contracts
- 67** Divisible Performance
- 68** Reservation of Title
- 69** Maintaining Ownership Rights
- 70** Leases and Tenancies in Items of Real Property
- 71** Bankruptcy Debtor as a Lessor or Landlord
- 72** Bankruptcy Debtor as a Lessee or Tenant
- 73** Prohibition Against Terminating Leases and Leasehold Agreements
- 74** Labor Contracts
- 75** Cancellation of Orders and Contracts for Provision of Services
- 76** Termination of Powers of Attorney
- 77** Prohibited Contractual Provisions

c) Sett-Off and Avoidance

- 78** Admissibility of Setting Off Claims
- 79** Inadmissibility of Setting Off Claims
- 80** Basic Provisions for Avoidance
- 81** General Grounds for Avoidance
- 82** Avoidance of Legally Binding Transactions Without Compensation
- 83** Deliberate Harm
- 84** Loan of Capital
- 85** Initiating an Avoidance Proceeding
- 86** Counter-Claims in Opposition to Avoidance
- 87** Insiders

5. ADMINISTRATION AND LIQUIDATION OF THE ASSETS OF THE BANKRUPTCY ESTATE

a) Safeguarding the Bankruptcy Estate

- 88** Taking Over the Bankruptcy Estate
- 89** Accounts of the Bankruptcy Debtor
- 90** The Bankruptcy Debtor's Business Name
- 91** Objects of Value
- 92** Sealing
- 93** Inventory of the Items of the Bankruptcy Estate
- 94** Inventory of Creditors
- 95** Summary of Assets
- 96** Deposit of the Lists and Summary for Inspection
- 97** Business Ledgers and Tax Liabilities Decision on the Realization of the Bankruptcy Estate

b) Decision on the Realization of the Bankruptcy Estate

- 98** Reporting Hearing
- 99** Decision to Continue the Business Operations of the Bankruptcy Debtor
- 100** Closing Business Operations before the Decision of the Creditors
- 101** Liquidation of the Bankruptcy Estate
- 102** Liquidation of Real Property
- 103** Liquidation of Personal Property and Rights
- 104** Notification of the Intention to Dispose of Assets
- 105** Distribution of the Sale Proceeds of Personal Property that Secures a Claim
- 106** Protection of the Creditor from Delay in Liquidation
- 107** Liquidation by the Creditor
- 108** Legal Actions of Special Importance
- 109** Effectiveness of Action

6. SETTLEMENT OF THE CREDITORS

- 110** Filing Claims
- 111** Table
- 112** The Course of the Examination Hearing
- 113** Claims Filed Subsequently
- 114** Prerequisites for and Effects of Officially Accepting a Claim
- 115** Disputed Claims
- 116** Effect of the Decision
- 117** Satisfaction of Bankruptcy Creditors
- 118** Distribution Schedule
- 119** Consideration of Disputed Claims
- 120** Consideration of Secured Creditors
- 121** Subsequent Consideration
- 122** Changes to the Distribution Schedule
- 123** Objections to the Distribution Schedule
- 124** Main Distribution

125 Depositing Funds Retained

7. CLOSING THE BANKRUPTCY PROCEEDING

- 126** Closing the Bankruptcy Proceedings
- 127** Rights of Creditors After the Bankruptcy Proceedings Are Closed
- 128** Subsequent Distribution
- 129** Legal Remedies
- 130** Making a Subsequent Distribution
- 131** The Exclusion of Creditors from the Bankruptcy Estate
- 132** Closing Bankruptcy Proceedings due to an Insufficient Bankruptcy Estate
- 133** Notification of Insufficient Assets in the Bankruptcy Estate
- 134** Satisfaction of Creditors when the Bankruptcy Estate Has Insufficient Assets
- 135** Prohibition of Execution
- 136** Closing Bankruptcy Proceedings After Notice of Insufficient Assets in the Bankruptcy Estate
- 137** Discontinuance Due to the Absence of Grounds to Open Proceedings
- 138** Discontinuance with the Consent of the Creditors
- 139** Procedure for Discontinuance
- 140** Public Notice and the Effect of Closing and of Discontinuance
- 141** Legal Remedies

V. REORGANIZATION

1. PREPARING THE DEBTOR'S REORGANIZATION

- 142** Basic Provisions
- 143** Filing a Plan
- 144** Contents of the Plan
- 145** Declarative Section
- 146** Substantive Section
- 147** Classification of Creditors in the Bankruptcy Plan
- 148** Secured Creditors
- 149** Rights of Creditors in the Bankruptcy Proceeding
- 150** Rights of Lower Priority Creditors in the Bankruptcy Proceeding
- 151** Principle of Equal Treatment of All Participants
- 152** Responsibility of the Bankruptcy Debtor
- 153** Ownership and Property Rights
- 154** Summary of the Property (RS Law: "Summary of the Property, Financial Plan and Plan of Results")
- 155** Additional Attachments
- 156** Rejection of the Plan
- 157** Responses to the Bankruptcy Plan
- 158** Stay of Liquidation and of Satisfaction of Creditors
- 159** Filing the Bankruptcy Plan

2. ACCEPTANCE AND CONFIRMATION OF THE PLAN

- 160** Hearing to Discuss and Vote on the Bankruptcy Plan
- 161** Merger with the Examination Hearing
- 162** Voting Rights of Bankruptcy Creditors

- 163** Voting Rights of Secured Creditors
- 164** List of Voting Rights
- 165** Amendments to the Plan
- 166** Separate Hearing for Voting
- 167** Voting in Written Form
- 168** Voting by Classes
- 169** Required Majority
- 170** Prohibition of Obstruction
- 171** Consent of the Creditors of Lower Priority in the Bankruptcy Proceeding
- 172** Consent of the Debtor
- 173** Confirmation of the Bankruptcy Plan
- 174** Conditional Plan
- 175** Violation of Procedural Provisions
- 176** Protection of Creditors
- 177** Announcement of the Decision
- 178** Legal Remedy

3. EFFECT OF THE CONFIRMED BANKRUPTCY PLAN AND SUPERVISION OF THE IMPLEMENTATION OF THE PLAN

- 179** Basic Effects of the Plan
- 180** Termination of the Provision to Extend Payments and Discharge of Debt
- 181** Disputed Claims and Secured Debt
- 182** Enforcement of the Decision Confirming the Bankruptcy Plan
- 183** Closing Bankruptcy Proceedings
- 184** Legal Effects of Closing Bankruptcy Proceedings
- 185** Supervision of the Consummation of the Plan
- 186** Rights and Obligations of the Bankruptcy Trustee
- 187** Filing Claims
- 188** Legal Actions that Require Consent
- 189** Loans
- 190** Lower Payment Priority of the Claims of the New Creditors
- 191** Consideration of the Lower Payment Priority
- 192** Announcement of Supervision
- 193** Termination of Supervision
- 194** Expenses of Supervision

VI. INTERNATIONAL BANKRUPTCY PROCEEDINGS

1. INTERNATIONAL JURISDICTION OF THE FBiH COURTS

- 195** Exclusive Jurisdiction (RS Law: "Exclusive International Jurisdiction")
- 196** International Jurisdiction Over Business Units or Property of Foreign Debtor in FBiH

2. GENERAL PROVISIONS

- 197** Basic Principle
- 198** Rights to Separate Recovery and Secure Rights
- 199** Labor Contract
- 200** Inclusion
- 201** Cooperation of Bankruptcy Trustees

3. PREREQUISITES AND PROCEEDINGS ON THE RECOGNITION OF A FOREIGN DECISION ON THE OPENING OF A BANKRUPTCY PROCEEDING

- 202** Application of General Rules on the Recognition of Foreign Court Decisions
- 203** Local Jurisdiction and the Composition of the Court
- 204** Proposal for the Recognition of a Foreign Decision on the Opening of Bankruptcy Proceeding
- 205** Prerequisites for the Recognition of a Foreign Decision on Opening a Bankruptcy Proceeding
- 206** Ascertaining Provisional Measures and the Prohibition of Execution and Safeguarding
- 207** Announcement Concerning the Proposal for Recognition
- 208** Examination of the Prerequisites for the Recognition
- 209** Decision on the Recognition
- 210** Appeal Against the Decision on the Recognition
- 211** Recognition of a Foreign Decision on the Opening of a Bankruptcy Proceeding as a Prior Issue

4. LEGAL EFFECT OF THE RECOGNITION OF A FOREIGN DECISION ON THE OPENING OF A BANKRUPTCY PROCEEDING

4.1 RECOGNITION AFTER THE OPENING OF A BANKRUPTCY PROCEEDING IN THE FBiH

- 212** Recognition of a Foreign Decision when Bankruptcy Proceedings were Opened Prior to Trial

4.2 RECOGNITION WITHOUT THE CONSEQUENCE OF OPENING BANKRUPTCY PROCEEDING IN THE FBiH

- 213** General Rule
- 214** Execution and Safeguarding
- 215** Management of the Bankruptcy Debtor
- 216** Service in Favor of the Bankruptcy Debtor
- 217** Setting Off
- 218** Priority Claims, Creditors with the Right to Separate Recovery. and Secured Creditors

4.3 RECOGNITION WITH THE CONSEQUENCE OF OPENING BANKRUPTCY PROCEEDING IN FBiH

- 219** Recognition of a Foreign Decision with the Consequence of Opening the Bankruptcy Proceeding in the FBiH

4.4 OPENING A SPECIAL BANKRUPTCY PROCEEDING IN THE FBiH BECAUSE OF THE RECOGNITION OF A FOREIGN DECISION ON THE OPENING OF THE BANKRUPTCY PROCEEDING

- 220** Opening a Bankruptcy Proceeding in the FBiH upon Petition of a Creditor
221 Authority of the Foreign Bankruptcy Trustee
222 Settlement of the Creditors
223 Special Bankruptcy Proceeding in a Foreign Country (RS Law: "Special Bankruptcy Proceeding in a Third Country")
224 Registration of Claims in a Foreign Bankruptcy Proceeding
225 Cooperation of Bankruptcy Trustees

5. NON-RECOGNITION OF A FOREIGN DECISION ON THE OPENING OF BANKRUPTCY PROCEEDINGS

- 226** Denial of the Petition for Recognition
227 Appeal
228 Proposal for Opening Bankruptcy Procedure when the Foreign Decision on the Opening of the Bankruptcy Procedure can not be Recognized

6. FOREIGN COERCIVE AGREEMENT AND OTHER BANKRUPTCY PROCEEDINGS

- 229** Foreign Decision on the Approval of Coercive Settlement or of a Foreign Reorganization Plan

VII PUNITIVE PROVISIONS

- 230** (Debtor)
231 (Interim Bankruptcy Trustee)
232 (Trustee)

VIII TRANSITIONAL AND FINAL PROVISIONS

- 233** (Proceedings Instituted Before Effective Date of this Law)
234 (Avoidance of Legal Actions Commenced Prior to Effective Date of this Law)
235 (Proceedings Opened by SPB but not Opened Prior to Effective Date of this Law) (RS Law: instead of abbreviation "ZPP" it is used "SPP")
236 (Certification of Bankruptcy Trustees)
237 (Compensation of Experts, Trustees, and Members of Creditors' Committee)
238 (Termination of Prior Law on Effective Date of this Law)
239 (Effective Date of this Law)

I BASIC PROVISIONS

Article 1

Subject of the Law

This law stipulates: the requirements for opening a bankruptcy proceeding, the bankruptcy proceeding itself, the legal consequences of opening and conducting bankruptcy proceedings, and reorganization of an insolvent debtor based on a bankruptcy plan

Article 2

Purposes of the Bankruptcy Proceeding

1. The bankruptcy proceeding is conducted for the purpose of satisfying the bankruptcy debtor's creditors collectively through the liquidation of its property and the distribution of the proceeds to the creditors.
2. In the course of a bankruptcy proceeding, pursuant to the provisions of Chapter V of this law, the reorganization of the debtor may also be conducted for the purpose of defining the legal status of the debtor and its relations with the creditors, and especially for the purpose of maintaining its business operations.

Article 3

Parties in the Bankruptcy Proceeding

The parties to the bankruptcy proceeding are: the Bankruptcy Court, Bankruptcy Judge, bankruptcy trustee, interim bankruptcy trustee, assembly of creditors, interim creditors' committee, and creditors' committee.

(RS Law: omits "Bankruptcy Court" in this Article)

Article 4

Petition to Open a Bankruptcy Proceeding

1. A bankruptcy proceeding is initiated by a written petition of an authorized person. Authority to file a petition is granted to the debtor and to all creditors who have a legally recognized interest in the conduct of the bankruptcy proceeding. The creditor is obliged to show, by attaching appropriate documentation, that its claim, and also the inability of the debtor to make payments, is probable.
2. If the debtor is a legal entity, once the inability to make payments occurs, the debtor's authorized representatives are required to file, forthwith, a petition to open a bankruptcy proceeding. The petition must be filed within 30 days of the day the

inability to make payments occurs. The authorized representatives are required to compensate the legal entity for the loss of property caused by their legally binding actions taken after the inability to make payments occurs, unless they can prove that these actions were taken with due care and diligence.

3. The Court must consider the petition within 15 days of its filing with the Court. The Court shall notify the petitioner within 15 days of the date of filing whether the documentation filed is complete and, if additional documentation or information is necessary, the Court shall require the petitioner to submit it within 15 days. If the petitioner fails to file the necessary documentation within this time period, the Court shall reject the petition. In this event, the petitioner is liable for the costs of the proceedings.

4. The Court shall make a decision on the amount of the deposit required to fund the preliminary proceeding within 15 days of the filing of an acceptable petition.

5. The petition may be withdrawn before the bankruptcy proceeding is opened and before a valid decision on the refusal or rejection of the petition is made. If the debtor, after the filing of the petition, pays the claim of the petitioner who filed the petition to open the bankruptcy proceeding, the judge may dismiss the bankruptcy proceeding on motion of the petitioner or the debtor, in which event the bankruptcy debtor shall be liable for the costs incurred.

(RS Law: In Paragraph 5 of this Article after the words "before the bankruptcy proceeding is opened" read "or" instead of "and")

Article 5

Bankruptcy Debtor

1. A bankruptcy proceeding may be opened against the property of a legal entity, and also against the property of an individual debtor. An individual debtor under this law is a "partner in a general partnership" or a "general partner in a limited partnership."

(RS Law: instead of "member of an entity with unlimited joint responsibility" read "responsible member of an entity")

2. A bankruptcy may also be opened against the property of public legal entities, except against the property of the FBiH, municipalities, cities, and public funds that are, wholly or partially, financed from the budget.

(RS Law: "cities" are not mentioned in this paragraph)

3. Prior approval of the Minister of Defense of the FBiH (hereinafter: the Minister of Defense) is required to open a bankruptcy proceeding against a debtor producing armaments or military equipment.

(RS Law: "prior approval of the RS Ministry of Defense (hereinafter: the Ministry of Defense) is required")

4. If the Federal Minister of Defense does not refuse to approve the opening of the bankruptcy proceeding within 30 days from the day of the receipt of the information on the opening of the preliminary proceeding from the Bankruptcy Judge, then the approval is deemed granted.

(RS Law: "If Ministry of Defense does not refuse...")

5. If the Federal Minister of Defense refuses to grant approval, the FBiH shall assume as a co-obligor the liabilities of the bankruptcy debtor.

(RS Law: "If the Ministry of Defense refuses to grant approval, the Republic of Srpska shall assume as a co-obligor the liabilities of the bankruptcy debtor.)

6. Prior consent of the government of the Republika Srpska is required to open bankruptcy proceedings against a debtor with a majority of state-owned capital in its capital structure in the period before conclusion of the restructuring procedure initiated by the Privatization Agency or before the sale of the state-owned capital is concluded and the deadlines to perform the terms of the contract for sale have expired.

7. If the Republika Srpska government does not refuse to grant approval within 30 days from obtaining information from the bankruptcy judge on opening of preliminary proceedings, approval is deemed granted).

Article 6

Grounds for Bankruptcy

1. The reason for opening a bankruptcy proceeding is the inability of the debtor to make payments.

2. The debtor is unable to make payments if it cannot meet its accrued and outstanding payment liabilities. The fact that the debtor has paid or is able to pay the claims of certain creditors, wholly or partially, does not, in itself, mean that it has the ability to make payments.

3. As a rule, a debtor is unable to make payments if it fails to pay its outstanding payment liabilities for a period of 30 days.

(RS Law: instead of "30 days" read "60 days")

4. A bankruptcy proceeding may also be opened because of the threat of an inability to make payments, which is present if the debtor, according to projections, will not be able to meet existing payment liabilities when due. Only the debtor may file a petition to open a bankruptcy proceeding because of the threat of an inability to make payments.

II GENERAL PROCEDURAL PROVISIONS

ARTICLE 7

JURISDICTION

1. A Court with jurisdiction conducts the bankruptcy proceeding where the headquarters of a legal entity or the residence of an individual debtor is located.

(RS Law: "A Court with subject matter jurisdiction conducts the bankruptcy proceeding where the principal business operations or the residence of the debtor is located.")

2. If the petition is filed with a local court that lacks jurisdiction, such court shall, forthwith, issue a decision declaring its lack of jurisdiction and shall forward the petition to the appropriate local court.

(RS Law added that "No appeal of this decision is permitted." as a part of this paragraph, and not as a separate paragraph)

3. No appeal of a decision under Paragraph 2 of this Article is permitted.

4. The Bankruptcy Court also has subject matter and territorial jurisdiction over the following legal disputes:

1. determination of claims pursuant to Articles 115-117 of this law,

2. avoidance pursuant to Articles 80-87 of this law,

3. rights to compensation pursuant to Articles 4, Par. 2; 26, Par. 1; 29, Par. 5; 43, Par. 5; 58, Par. 3; and 64 of this law.

5. The bankruptcy proceeding is handled by a Bankruptcy Judge as an individual.

Article 8

Appropriate Applicability of the Provisions of the Law on Civil Procedure

Unless this or another law stipulates otherwise, the governing provisions of the Law on Legal Proceedings are applicable in bankruptcy proceedings.

(RS Law: does not include words "or another" law)

Article 9

Principles of the Proceeding

1. The bankruptcy proceeding is urgent.

2. The orders of the Bankruptcy Court are issued in the form of decisions. The Bankruptcy Judge may schedule the hearing. The decision is issued after hearing from the debtor, except in special circumstances when the decision can be rendered without a hearing. If the debtor is not heard from beforehand, this must be explained in the decision, separately, and the debtor must be heard without delay.

3. The Bankruptcy Judge shall investigate, in his official capacity, all the circumstances concerning the bankruptcy proceeding. For this purpose he may, specifically, hear from the debtor, its legal representatives, witnesses, and experts.

Article 10

Mandatory Participation and Compulsory Measures

1. The debtor, its legal representatives, and witnesses are obligated to provide complete and accurate information to the Bankruptcy Court, to the appointed expert, and to the bankruptcy trustee. In addition, the debtor and its legal representatives are also obligated to assist in preserving the bankruptcy estate and to abstain from harmful actions.

2. If the bankruptcy debtor, or some other person obligated to give information, does not fulfill its obligation to provide information, as required by the law, or if there is reasonable suspicion that it is performing actions for the purpose of harming the bankruptcy estate, or that it is not performing the actions necessary to preserve the estate, the Bankruptcy Judge may, in his own discretion, or on motion of the interim bankruptcy trustee or bankruptcy trustee, order appropriate compulsory measures.

(RS Law: after "to provide information" add "or participate"; also after "the Bankruptcy Judge may, in his own discretion" instead of "or on motion of the interim bankruptcy trustee or bankruptcy trustee" read "and on motion of the interim bankruptcy trustee or bankruptcy trustee")

3. The compulsory measures under Paragraph 2 of this Article are:

1. compel appearance before the Court;

2. impose a cash penalty in an amount between 500 and 1.700 KM, after the failure to honor a compulsory appearance before the Court. The decision ordering a compulsory appearance at the Court may, at the same time, include a warning about the cash penalty that may be imposed.

4. The decision that orders a compulsory measure can be appelaed. Such an appeal does not postpone the effect of the decision.

Article 11

Legal Recourse

1. Appeals from decisions of Bankruptcy Courts are permitted in those instances specified in this law.

2. The period during which an appeal may be filed is eight days from the day the decision is announced, or from the day the decision is filed, if the decision is not announced.

3. The Bankruptcy Judge may grant the appeal himself if he finds the appeal to be justified.
4. If the Bankruptcy Judge does not grant the appeal, he is under an obligation to forward it to the Appellate Court that will decide the appeal, without delay, and within 15 days from the receipt of the appeal at the latest. The jurisdiction for deciding on appeals is granted to a panel of three judges of this Court. The panel is required to decide the appeal within 15 days of its receipt.
5. Appeals stay the effect of a decision unless this law provides otherwise.
6. In a bankruptcy case, neither reinstatement of the previous state of affairs nor the renewal or revision of a proceeding may be requested.

Article 12

Service and Public Announcement

1. The Bankruptcy Court services orders in its official capacity.
2. Service is deemed completed after public announcements, including instances when this law stipulates particular service. Service is deemed completed two working days after the announcement.

III PRELIMINARY PROCEEDING

Article 13

Deposit of the Expenses of the Preliminary Proceeding

1. If a creditor files the petition for opening bankruptcy, the creditor is obligated to deposit an amount determined by the Bankruptcy Judge to cover the expenses of the preliminary proceeding.
2. If the creditor does not furnish this deposit within 15 days, the Bankruptcy Judge shall reject the petition with a decision.
3. If a bankruptcy proceeding is opened by a petition of a creditor, the amount deposited by the creditor is included in the expenses of the bankruptcy proceeding.
4. If the petitioner is the debtor, the Bankruptcy Judge may exempt it from paying the deposit if the debtor can prove that it has sufficient assets to fund the cost of a preliminary proceeding.

Article 14

Determining the Grounds for Opening a Bankruptcy Proceeding

1. After receiving an acceptable petition to open a bankruptcy proceeding, the Bankruptcy Judge is required to determine, forthwith, whether there are grounds for opening a bankruptcy and whether the petition is justified. He may, for that purpose, appoint an interim bankruptcy trustee or an appropriate expert. The compensation for the expert is established in accordance with special rules pursuant to Article 237 of this law.

(The first sentence of this paragraph was amended in the RS Law as follows: "After receiving an acceptable petition to open a bankruptcy proceeding, the Bankruptcy Judge is required to determine, forthwith, whether there is cause for initiating a bankruptcy proceedings, whether prior consent of the authorized institution in Article 5, paragraphs 3 and 6 of this Law has been given, and whether the petition is justified.")

2. The debtor, or its legal representatives, is required to provide a full review of the business records, and on request of the Bankruptcy Judge, to file these records.

Article 15

Protective Measures

1. A Bankruptcy Judge may establish measures in a decision for preserving the future bankruptcy estate, and he may also revoke them. Specifically, the Bankruptcy Judge may:

1. establish measures for preserving specific items of property of value, amounts in accounts, or claims of the debtor, even if they are secured claims or claims for separate recovery,

2. condition disposal of the debtor's assets on the approval of the Bankruptcy Court or limit it in other ways,

3. appoint an interim bankruptcy trustee,

4. order an interim ban on the postal service to which the provisions of Article 61 of this law apply accordingly.

2. If business operations have not ceased, the Bankruptcy Judge must appoint an interim bankruptcy trustee.

3. Any measures of enforced execution commenced against the debtor are temporarily suspended. A creditor may not exercise the rights to its collateral or to separate recovery in the preliminary proceeding.

4. If the Bankruptcy Judge has, in accordance with Article 15, Paragraph 1, Item 3 of this Article, appointed an interim bankruptcy trustee, he may also, in his own discretion or on request of an interim bankruptcy trustee, order:

1. that the interim bankruptcy trustee undertake the legal measures and activities required to continue business operations on behalf and for the benefit of the debtor, provided that the continuation of such activities does not impair the debtor or the potential bankruptcy creditors. In that event, the interim bankruptcy trustee does not need the approval of the debtor who is, in this respect, excluded from management.

2. that the legal actions of the debtor become effective only after the approval of the interim bankruptcy trustee.

5. If there are special circumstances present, especially if there is the danger of a breach of contract, the Bankruptcy Judge may order a general prohibition against the disposal of the debtor's assets. In that event, the authorization for management and control over the property of the debtor is transferred, in its entirety, to the interim bankruptcy trustee. An appeal of this decision does not stay the effect of the decision.

6. If the restriction of management is violated, the provisions of Articles 52 and 53 of this law apply accordingly.

7. An appeal of the decision of the Bankruptcy Court on the basis of Paragraphs 1 to 5 of this Article may be filed by the debtor or by the interim bankruptcy trustee. An appeal filed by the debtor does not stay the effect of the decision.

Article 16

Interim Bankruptcy Trustee's Tasks and Legal Status

1. The interim bankruptcy trustee is under an obligation to preserve and take care of the property of the debtor.

2. The interim bankruptcy trustee is required to investigate whether the property of the debtor can satisfy the costs of the proceeding and whether there are grounds for opening the bankruptcy proceeding, and to report his finding to the Court within 30 days of his appointment.

3. The interim bankruptcy trustee conducts an assessment of whether the business operations of the debtor can continue, in whole or in part. If continuing business operations would harm the debtor or the potential bankruptcy estate, the interim bankruptcy trustee must file an application with the Bankruptcy Judge for a temporary suspension of its business operations. An appeal of the decision on the application for a suspension of business operations may be filed by the debtor, and also by the interim bankruptcy trustee.

4. The interim bankruptcy trustee is under an obligation to pay the claims incurred by him or by the debtor with his approval, unless otherwise agreed or provided by this law. The interim bankruptcy trustee is also required to ensure that such creditors' rights are allowed after the opening of the bankruptcy proceeding.

5. The interim bankruptcy trustee is under no obligation to pay tax or other public duties incurred during this period. Such claims represent bankruptcy claims pursuant to Article 32 of this law.

6. The interim bankruptcy trustee is authorized to enter the business premises of the debtor and to perform necessary actions there. The debtor legal entity – individually and the corporate bodies of the debtor - must allow the interim bankruptcy trustee to inspect the commercial books and business records of the debtor.

7. The interim bankruptcy trustee is required to render an accounting to the Bankruptcy Judge and to file a report on his work during the period of interim administration.

8. The interim bankruptcy trustee is entitled to compensation pursuant to Article 237 of this law

Article 17

Continuing Contractual Obligations During Interim Administration, Public Claims, and Employees' Claims

1. During interim administration, parties who contracted with the bankruptcy debtor may not revoke a continuing contractual obligation.

2. The interim bankruptcy trustee is under no obligation to pay claims for taxes, contributions, and other public liabilities resulting from continuing contractual obligations incurred in the period after the filing of the petition. Such claims are bankruptcy claims pursuant to Article 32 of this law.

3. The interim bankruptcy trustee is required to pay the claims of the employees, and also the contributions based on the employees' labor, only if the employees are still employed. Otherwise, the rights to wages for employment, and also the claims for contributions, do not terminate, but may be asserted as bankruptcy claims only. The claims of the employees who are employed by the interim bankruptcy trustee may be financed by a loan.

4. The interim bankruptcy trustee is required to pay other claims resulting from permanent contractual relations only if a separate agreement has been reached in connection therewith. Otherwise, such claims are considered bankruptcy claims pursuant to Article 32 of this law.

Article 18

Effect and Announcement of Protective Measures

1. The restriction of disposal pursuant to Article 15 of this law, and also the appointment of an interim bankruptcy trustee, must be announced. The decision that establishes these measures is served on the debtor.

2. The decision on the appointment of an interim bankruptcy trustee requires the creditors to inform the interim bankruptcy trustee, forthwith, what protective measures for the assets of the debtor they are requesting. The asset for which a protective

measure is requested, the type, and the reason for the provision, and also any secured claim must be identified. Those who fail to supply this information, or who delay it clandestinely, may not exercise the right to compensation for damages against the interim bankruptcy trustee with respect to such claims, unless they can prove that the interim bankruptcy trustee knew about the existence of the secured claim.

3. In revoking protective measures, Paragraph 1 of this Article applies accordingly.

Article 19

Public Register

The Bankruptcy Judge determines the entries in the appropriate public registers for the restriction of disposal, and also for the lifting of such restrictions.

Article 20

The Responsibility of the Interim Bankruptcy Trustee

The provisions of Article 26 of this law on the responsibilities and insurance of the bankruptcy trustee apply, to the extent possible, to the responsibilities and insurance of the interim bankruptcy trustee. The measure of the amount of insurance is the value of the debtor's property that the interim bankruptcy trustee is responsible for.

Article 21

Termination of the Services of the Interim Bankruptcy Trustee

1. With the opening of the bankruptcy proceeding, the rights and the obligations of the interim bankruptcy trustee are transferred to the bankruptcy trustee. An interim bankruptcy trustee who was not appointed a bankruptcy trustee when the bankruptcy proceeding was opened is under an obligation to transfer his duties to the bankruptcy trustee and to turn over to him all assets he manages, and also all business records he has received or produced.

2. If the bankruptcy trustee collects the receivables that the interim bankruptcy trustee created pursuant to Article 16 and 17 of this law, he is required, in the first instance,

to use the proceeds to pay the liabilities that the interim bankruptcy trustee incurred in accordance with these provisions. Any potential additional assets remaining after these liabilities are satisfied shall be included in the bankruptcy estate.

3. If the Bankruptcy Judge terminates the interim administration for other causes, the responsibility of the interim bankruptcy trustee ends after he satisfies the costs and liabilities incurred either by himself or with his approval by the debtor from the property he manages, or provides assurances for the satisfaction of unpaid or disputed obligations he has incurred, and not before.

IV. BANKRUPTCY PROCEEDING

1. PARTIES IN THE BANKRUPTCY PROCEEDING

Article 22

Bankruptcy Judge

1. The Bankruptcy Judge directs and controls the bankruptcy proceeding from the moment the petition to open is filed until the closing of the bankruptcy proceeding.
2. During this period the Bankruptcy Judge exercises the rights and the responsibilities pursuant to the provisions of this law.
3. The Bankruptcy Judge appoints the expert in the bankruptcy proceeding, the interim bankruptcy trustee, the members of the interim creditors' committee, and the bankruptcy trustee, and legally supervises the work of the interim bankruptcy trustee and the bankruptcy trustee pursuant to the provisions of this law.

Article 23

Persons Who May Be Appointed Bankruptcy Trustees

1. Only physical persons who have appropriate professional qualifications and business experience may be appointed bankruptcy trustees.
2. A bankruptcy trustee must have completed professional education and passed a specialized examination. The Federal Minister of Justice shall prescribe detailed provisions on the type of education and content of the specialized examination.

(RS Law: instead of "Federal Minister of Justice" read "Minister of Justice")

3. Until a sufficient number of bankruptcy trustees complete their professional education and pass the specialized examination, the Federal Minister of Justice shall compile a preliminary list of bankruptcy trustees after receiving opinions from the presidents of the courts with jurisdiction over bankruptcy proceedings.

(RS Law: instead of "Federal Minister of Justice" is written "Minister of Justice")

4. The following persons may not be appointed as bankruptcy trustees:

1. persons who would need to be excluded as judges in the bankruptcy proceeding,
2. persons who are close relatives of the Bankruptcy Judge,
3. persons who are responsible for liabilities in the bankruptcy or who serve on bodies representing the debtor,

4. persons who are creditors of the debtor or who are in competition with the debtor,

5. persons who, according to law, could not be appointed members of a supervisory body or a body representing the debtor,

6. persons who were or are employed by the debtor or who were or are members of any of its corporate bodies,

7. persons who worked as advisors to the debtor or who participated in business operations related to the property or the capital of the debtor.

Article 24

The Federal Minister of Justice shall compile the list of bankruptcy trustees who have completed specialized education and passed specialized examinations and this list shall be published in the "Official Gazette of the FBiH"

(RS Law: instead of "Federal Minister of Justice» read "Minister of Justice")

Article 25

Rights and Responsibilities of the Bankruptcy Trustee

1. The bankruptcy trustee is authorized and obligated, forthwith, to take possession of the property included in the bankruptcy estate, to manage it, to continue business operations until the reporting hearing, if possible and if this does not impair the bankruptcy creditors, and to liquidate it in accordance with the decision of the assembly of creditors. If it is in the ordinary course of the business and necessary for the continuation of the business, he is authorized to liquidate particular assets, especially inventory, during the continued operation of the business, even before the decision of the assembly of creditors is made. On the basis of the enforceable decision on the opening of the bankruptcy, the bankruptcy trustee may request the turnover of assets that are in possession of the debtor, and also the business records, even if in the possession of third parties.

2. The bankruptcy trustee is required to file with the Bankruptcy Court a detailed inventory of the bankruptcy estate within 45 days of his appointment. For each asset, the amount that is expected to be received from its liquidation, and also the book value, must be stated. The bankruptcy trustee is required to compile a list of all the debtor's creditors he has been informed of or has found in the books and business records of the debtor.

3. The bankruptcy trustee is required to keep business ledgers, and especially, to create an opening balance sheet on the basis of the inventory, according to its condition on the day the proceeding is opened, and also to submit the necessary reports to the responsible bodies.

4. The compensation for the work of the bankruptcy trustee is determined pursuant to the provisions of Article 237 of this law.

Article 26

Accountability and Insurance of the Bankruptcy Trustee

1. If the bankruptcy trustee himself breaches the responsibilities he is, according to this law, required to perform, he is under an obligation to compensate all the parties in the bankruptcy proceeding for the damage caused thereby. Excepted from this rule are the liabilities of the bankruptcy estate that are not covered in full from the bankruptcy estate, if the bankruptcy trustee, at the time these liabilities were incurred, could not predict that the bankruptcy estate would not be sufficient for their satisfaction.

2. The bankruptcy trustee, immediately after accepting the position, is required to obtain insurance coverage with an insurance carrier covering all the risks of liability connected with his activity. The Bankruptcy Judge establishes the amount of insurance taking into account the expected bankruptcy estate, and also the special circumstances of the proceeding. The Bankruptcy Judge may relieve the bankruptcy trustee of this obligation in appropriate cases.

Article 27

Supervision of the Work of the Bankruptcy Trustee

The management of the property and the performance of the services of the bankruptcy trustee are subject to the supervision of the Bankruptcy Judge. The Bankruptcy Judge may request that the bankruptcy trustee provide him with information on the current situation and management. If the bankruptcy trustee does not fulfill his obligations, the Bankruptcy Judge may, after issuing a prior warning, impose a cash penalty on the bankruptcy trustee in an amount between 500 and 1.700 KM. If there is good cause, the Bankruptcy Judge may relieve the bankruptcy trustee of his position and appoint another bankruptcy trustee. The bankruptcy trustee has the right to appeal the decision of the Bankruptcy Judge. In this event, the appeal does not postpone the effect of the decision.

Article 28

Assembly of Creditors

1. The Bankruptcy Judge convenes the assembly of creditors. The convening of the initial assembly is announced in the decision to open a bankruptcy proceeding. In the course of the proceeding, the assembly of creditors must be convened if requested by the bankruptcy trustee, the creditors' committee, or at least five creditors who jointly represent at least one fifth of the filed amount of claims.

2. The right to vote in the assembly of creditors is granted to creditors who have filed their claims, which were not disputed by the bankruptcy trustee or by other creditors

who have the right to vote. The creditors in lower payment priorities do not have the right to vote. The right to vote of the secured creditors, pursuant to the Article 39 of this law, is limited to the amount for which they appear as bankruptcy creditors.

3. The Bankruptcy Judge may decide on allowing the right to vote if a disputed claim seems probable. At the hearing, the present creditors, the debtor, and the bankruptcy trustee may request an urgent reconsideration of a decision on the right to vote. The Bankruptcy Judge must make a decision immediately, based on the documentation, and the creditors do not have the right to appeal this decision.

4. The Bankruptcy Judge chairs the assembly of creditors. The decisions are made by a majority of the creditors present, provided that the total amount of the claims of the creditors who have voted for a decision is greater than half of the total amount of the claims of all the creditors present. (RS Law adds "an absolute" majority of the creditors present)

5. At the first assembly of creditors after the appointment of the bankruptcy trustee, the assembly may elect another bankruptcy trustee, who must be appointed by the Bankruptcy Judge. At least five creditors who jointly represent at least one fifth of the filed amount of claims may propose the election of another bankruptcy trustee. The Bankruptcy Judge may refuse the appointment of the elected bankruptcy trustee if there are reasons indicating his being biased or inappropriate or if he does not fulfill all the qualifications listed in Article 23 of this law. The Bankruptcy Judge decides on appointing the new bankruptcy trustee and the replacement of the person who had hitherto acted as the bankruptcy trustee by issuing a decision. The person who had hitherto acted as the bankruptcy trustee, the debtor, and each of the creditors may appeal this decision. The appeal does not postpone the effect of the decision.

Article 29

Creditors' Committee

1. Pursuant to the provisions of this Article, the assembly of creditors elects the creditors' committee from among the creditors.

(RS Law: "...the assembly of creditors may elect the creditors' committee from among the creditors")

2. In order for the interests of the creditors to be protected, the Bankruptcy Judge may, if necessary, appoint an interim creditors' committee until a creditors' committee is elected. The assembly of creditors may replace the members of this interim committee.

3. The following classes of creditors must be represented on the creditors' committee: bankruptcy creditors with the largest claims, bankruptcy creditors with small claims, representatives of the debtor's employees, and secured creditors. Persons who are not creditors may also be appointed as members of the committee if they can contribute to the work of the committee through their professional knowledge.

4. The creditors' committee consists of an odd number of members not to exceed seven.

5. The creditors' committee is required to support and supervise the bankruptcy trustee in his management. The committee has the right to request that the bankruptcy trustee submit reports and render an accounting, and also the right to exercise direct control. The decisions of the creditors' committee are made by a simple majority of the votes of the members present.

6. Significant legal actions of the bankruptcy trustee-- including assuming liabilities, disposing of or acquiring real estate of the enterprise in its entirety or of certain parts of the enterprise, opening litigation or undertaking the defense of litigation, drafting a reorganization plan before it is submitted to the Court or to the creditors, and also moving to terminate the business of the debtor--that have a material impact on the value of the property being managed require the approval of the creditors' committee if one is appointed. Otherwise, the approval of the assembly of creditors is required. If no decision is made at two consecutive sessions of the creditors' committee or at two consecutive convened sessions of the assembly, the Bankruptcy Judge may issue such approval.

7. Either officially or on motion of a member of the committee or of the assembly of creditors, the Bankruptcy Judge may dismiss a member of the creditors' committee. Before rendering a decision to dismiss, the Bankruptcy Judge shall hear from this member of the creditors' committee. A member of the creditors' committee has a right to appeal the decision of the Bankruptcy Judge, but the appeal does not stay the effect of the decision.

8. The creditors' committee decides issues within its purview in sessions. The Bankruptcy Judge in his official capacity convenes the first session of the creditors' committee after a motion by the bankruptcy trustee, or by the majority of the members of the creditors' committee. The members of the committee elect a president at their first session.

9. The Bankruptcy Judge and the bankruptcy trustee may attend the sessions of the creditors' committee. The creditors' committee must invite the Bankruptcy Judge to its sessions. The creditors' committee may decide to hold a session of the committee in the absence of the bankruptcy trustee.

10. The creditors' committee is authorized to convene a session if a majority of the members of the committee attend the session. A decision is passed if a majority of the members present vote in favor; if the votes are divided, the Bankruptcy Judge shall render the decision.

11. The members of the creditors' committee are required to compensate all the parties for the damages caused by their violation of the duties they have pursuant to this law.

12. The compensation for the members of the creditors' committee, and also for the members of the interim creditors' committee, is determined in accordance with special regulations pursuant to Article 237 of this law.

2. THE BANKRUPTCY ESTATE AND THE CLASSIFICATION OF CREDITORS

Article 30

The Concept of the Bankruptcy Estate

The bankruptcy proceeding includes all property that belonged to the debtor at the time of the opening of the bankruptcy proceeding, and also the property that the debtor obtained during the bankruptcy proceeding (bankruptcy estate), unless other legal provisions stipulate otherwise. The bankruptcy estate is used to pay the costs of the bankruptcy proceeding; the creditors who, at the time of the opening of the bankruptcy proceeding, had an allowed property claim against the debtor (bankruptcy creditors); and the creditors who acquired the right to assert claims against the bankruptcy estate after the bankruptcy proceeding was opened (creditors of the estate).

Article 31

Payment Priority of Bankruptcy Creditors

1. According to the type of their claims, the bankruptcy creditors are classified in payment priorities. The creditors of a lower payment priority may have their claims paid only after the creditors of the preceding payment priority have had their claims paid in full. The bankruptcy creditors of the same payment priority have their claims paid pro rata.
2. The claims of the creditors are paid from the existing assets of the unencumbered bankruptcy estate in accordance with the following priority scheme:
 1. bankruptcy creditors of higher payment priority pursuant to Article 33 of this law,
 2. bankruptcy creditors of general payment priority pursuant to Article 32 of this law,
 3. bankruptcy creditors of lower payment priority pursuant to Article 34 of this law.

Article 32

Bankruptcy Creditors of General Payment Priority

The creditors who, at the time of the opening of the bankruptcy proceeding, have an allowed property claim against the debtor (bankruptcy creditors) are the creditors of the general payment priority, unless they are included in a higher or lower payment priority pursuant to the provisions of Articles 33 or 34 of this law.

Article 33

Bankruptcy Creditors of Higher Payment Priority

1. Claims incurred during the period of preliminary administration, which, despite the provisions of Article 16 Paragraph 4, Article 17 Paragraphs 3 and 4, neither the interim bankruptcy trustee nor the bankruptcy trustee was able to pay pursuant to Article 21, Paragraph 2 of this law, are paid before any other claims of the bankruptcy creditors.

2. Before other claims of the bankruptcy creditors, except for the claims of the creditors referred to in Paragraph 1 of this article, the claims of the debtor's employees for wages during the last eight months before opening of bankruptcy proceedings are paid, in the amount of the minimal wage for each month calculated according to the General Collective Agreement for FBiH and contributions in accordance with the law. The same provision applies to the payment of compensation for damages for labor injuries, which must be paid in full.

(RS Law: «Before other claims of the bankruptcy creditors, except for the claims of the creditors referred to in Paragraph 1 of this article, the claims of the debtor's employees for wages during the last six months before opening of bankruptcy proceeding are paid, in the amount of the minimal wage determined by law. The same applies to the payment of compensation for damages for labor injuries, which must be paid in full”).

Article 34

Bankruptcy Creditors of Lower Payment Priority

1. The claims of a priority below other claims of bankruptcy creditors are paid in accordance with the following priority scheme, but those of the same priority are paid pro rata.

1. interest on the claims of the bankruptcy creditors incurred since the opening of the bankruptcy proceeding;

2. costs of particular bankruptcy creditors incurred during their participation in the proceeding;

3. cash penalties and misdemeanor fees, and also property damage resulting from criminal acts or misdemeanors;

(RS Law: “cash penalties, fines, misdemeanor penalties, and cash enforcement, and also the consequences of certain criminal acts or misdemeanors that require cash payments”)

4. claims related to particular gratuitous actions of the debtor;

5. claims related to the repayment of a loan from an equity holder to replace capital or equivalent claims.

2. Claims for which the creditor and the debtor have agreed on a lower priority in the bankruptcy proceeding are paid after the claims listed in Paragraph 1 of this Article.

3. Interest on the claims of the bankruptcy creditors of lower priority and the costs of the creditors incurred because of their participation in the proceeding have the same priority as the claims of these creditors.

Article 35

Maintenance of the Debtor

1. When the bankruptcy proceeding is opened against the property of physical persons, the first assembly of creditors must decide on the amount necessary for the maintenance of the debtor, which the debtor may retain from his revenues, or which is, if the revenues are lacking, approved from the bankruptcy estate. During this proceeding, the potential claims that third parties may have against him because of the right to maintenance and the decree limiting execution must be adequately accounted for. If the assembly of creditors does not issue a decision, the bankruptcy trustee may approve appropriate maintenance. In all other cases, the debtor's expenses of maintenance may not, after the opening of bankruptcy, be paid from the bankruptcy estate.

2. If the debtor is an individual, then during the period preceding the first assembly of creditors, the Bankruptcy Judge, pursuant to paragraph 1 of this Article, is required to determine the amount that the debtor may retain from his revenues for adequate maintenance of life, or if the revenues are lacking, from the bankruptcy estate, in an amount that would belong to the debtor according to the provisions limiting execution in the law on execution.

Article 36

Unmatured, Conditional, and Non-Cash Claims

1. Claims that were not due when the proceeding was opened are deemed to be claims now due.

2. Claims related to an abrogation term are, in a bankruptcy proceeding, treated as unconditional claims until the abrogation term sets in.

3. Claims related to an extended term participate in the distribution if that extension has passed before the final distribution of the bankruptcy estate.

4. Non-cash claims or claims the cash amount of which is unliquidated are stated at the value at which they can be assessed at the time the bankruptcy proceeding was opened. Claims stated in foreign currency or in some accounting unit are recalculated into the domestic currency in accordance with the currency exchange rate that is valid for the location of the payment at the time of the opening of the proceeding.

5. In the bankruptcy proceeding, a co-debtor and guarantor may assert their claims, which they could obtain from the debtor in the future by paying the claim of the creditor, only if the creditor does not assert its claims in the bankruptcy.

Article 37

Separate Recovery and Compensation for the Right to Separate Recovery

1. A person who has the right to separate recovery of assets not belonging to the debtor (extraction creditor) is not a bankruptcy creditor. His right to separate recovery of an asset is governed by provisions of other laws.
2. The right to separate recovery may not be exercised in the preliminary proceeding. After the opening of the bankruptcy proceeding, at the earliest, the right to separate recovery may be exercised after the reporting hearing. If the asset to be separately recovered is necessary for the continuation of the business operations of the debtor, the bankruptcy trustee may delay the request for separate recovery for a period of 90 days from the reporting hearing. If, after this period of 90 days expires, the asset to be separately recovered is still necessary to the bankruptcy trustee for the continuation of business operations, the approval of the Bankruptcy Judge is required. The decision is served on the bankruptcy trustee and on the creditor with the right to separate recovery. The parties may appeal this decision.
3. During the period before the reporting hearing, only a creditor with the right to separate recovery has the right to a claim because of excess deterioration of the asset subject to separate recovery. After the reporting hearing, a creditor with the right to separate recovery has the right to compensation for the use of the asset. Such a creditor is entitled to be fully compensated for any loss in value of an asset after the reporting hearing. If the trustee is unable to preserve the value of the asset through payments to the creditor, then a creditor with a right to separate recovery is entitled to take the asset after giving the trustee eight days' notice.
4. If an asset, separate recovery of which could have been requested before the opening of the bankruptcy proceeding has been sold without authority by the debtor, interim bankruptcy trustee, or after the opening of the bankruptcy proceeding, by the bankruptcy trustee, then the creditor with the right to separate recovery may move to assume a claim for the damages, if it still has not been exercised. He may move to assume this claim from the bankruptcy estate, if it belongs to the estate and if it can be recovered separately from the estate.
5. If the conditions referred to in Paragraph 4 of this Article are not met, the creditor with the right to separate recovery may seek compensation for damages as a bankruptcy creditor, if the asset has been sold by the debtor, and as an expense of the bankruptcy estate, if it has been sold without authority by the interim trustee or the bankruptcy trustee.

Article 38

Secured Creditors

1. Creditors secured by specific assets of the bankruptcy estate are authorized to execute on the collateral for their principal, interest, and costs pursuant to the provisions of Articles 102-107 of this law.
2. Secured creditors are:

1. holders of mortgages and liens on real estate;
2. creditors who have obtained a lien by law, foreclosure, court settlement or agreement;
3. creditors to whom the debtor has assigned specific rights as a surety;
4. Creditors who are entitled to a right of possession.

Article 39

Secured Creditors as Bankruptcy Creditors

Secured creditors may be bankruptcy creditors if the debtor is also personally liable to them. They have the right to pro rata payment from the bankruptcy estate only if they abandon their collateral, or if they were unable to obtain payment, in full or in part, in which event they are paid pro rata on the unpaid amount of their claims.

Article 40

Creditors of the Bankruptcy Estate

The costs of the bankruptcy proceeding and the debts of the bankruptcy estate are paid from the bankruptcy estate before the bankruptcy creditors are paid.

Article 41

Costs of the Bankruptcy Proceeding

The costs of the bankruptcy proceeding are:

1. court costs of the bankruptcy proceeding;
2. fees and costs of the experts, interim bankruptcy trustee, bankruptcy trustee, and members of the interim and the final creditors' committee;
3. other costs that this law or some other law stipulates are to be paid as costs of the bankruptcy proceedings.

Article 42

Debts of the Bankruptcy Estate

The debts of the bankruptcy estate are:

1. liabilities based on the actions of the bankruptcy trustee or otherwise from the management, liquidation, and distribution of the bankruptcy estate, and that are not included in the costs of the bankruptcy proceeding;

2. liabilities under mutually binding contracts if the performance of these contracts is needed for the bankruptcy estate or if subsequent to the opening of the bankruptcy proceeding;

3. liabilities for the unjust enrichment of the bankruptcy estate.

3. OPENING THE BANKRUPTCY PROCEEDING

Article 43

Decision on the Petition to Open the Bankruptcy Proceeding

1. The Bankruptcy Judge shall schedule a hearing on the grounds for opening the bankruptcy proceeding after receiving the report of the interim bankruptcy trustee, together with the opinion of any expert possibly appointed to assess the debtor's insolvency. The petitioner, the debtor, the interim bankruptcy trustee, and when necessary, the experts are invited to the hearing.

2. The Bankruptcy Judge shall issue a decision to open the bankruptcy proceeding, or shall deny the petition to open the bankruptcy proceeding, not later than three days after the completion of the bankruptcy hearing.

(RS Law: instead of "the completion of the bankruptcy hearing" read "the completion of the Court hearing")

3. In a decision denying the petition to open a bankruptcy proceeding, the Bankruptcy Judge shall determine the costs of the proceeding.

4. The Bankruptcy Judge shall open the bankruptcy proceeding against the property of the debtor if the petition is acceptable, if there are grounds for bankruptcy, and if the property of the debtor, according to the projections, will suffice to cover the costs of the proceeding. If the property of the debtor does not cover the costs of the proceeding, but the petition is acceptable and justified, the Bankruptcy Judge may open the proceeding if an interested party deposits a sufficient amount in cash. This deposit is included as an obligation of the bankruptcy estate.

5. If the assets of the bankrupt estate are insufficient to repay the deposit of the costs of the proceedings, the person who has paid such a deposit may request repayment from each person who was under an obligation to file a petition for the opening of the bankruptcy proceeding, but has neglected to do so through his own fault.

Article 44

Direct Opening of a Bankruptcy Proceeding

1. The Bankruptcy Judge may decide to open the bankruptcy proceeding without conducting a preliminary proceeding and without examining the grounds for opening the

proceeding if the petition to open the bankruptcy proceeding has been submitted by a liquidator.

2. A bankruptcy proceeding may be opened directly if the petition to open the proceeding is submitted by a creditor who holds a final writ of execution and that writ of execution has remained unsatisfied for 60 days. In this event, the Bankruptcy Judge presumes that the existence of the obligation of the debtor and the inability of the debtor to pay has been proven.

Article 45

Decision to Open the Proceeding

1. If the bankruptcy proceeding is opened, the Bankruptcy Judge shall appoint a bankruptcy trustee.

2. The decision to open a bankruptcy proceeding includes:

1. the business name, or the name and surname, and the place of business or the address of the debtor's residence,

2. the name and address of the bankruptcy trustee,

3. the date and hour of the opening of the bankruptcy.

3. If the hour of the opening of the bankruptcy proceeding is not stated, then noon of the day on which the decision in Paragraph 2 of this Article is issued is the moment of opening.

(RS Law omits "in Paragraph 2 of this Article")

Article 46

Notice to Creditors and Debtors

1. In the decision to open the bankruptcy proceeding, the creditors are notified to file their claims with the Bankruptcy Court within 30 days, pursuant to Article 110 of this law.

2. In the decision to open the bankruptcy proceeding, creditors are notified to inform the bankruptcy trustee, within 30 days, of the rights that they claim in items of the debtor's property as collateral. The item against which a lien is asserted, the type, and the basis of the right to the collateral, and also the amount of secured claim must be specified.

3. In the decision to open the bankruptcy proceeding, persons who owe debts to the debtor are notified in order for them to pay such debts to the bankruptcy debtor without delay.

Article 47

Setting the Hearings

1. In the decision to open the bankruptcy proceeding, the Bankruptcy Judge shall set the dates of the hearings for:

1. the assembly of creditors, at which it will, on the basis of the report of the bankruptcy trustee, decide on the subsequent development of the bankruptcy proceeding (reporting hearing). The assembly of creditors summoned to hear the trustee's report (the reporting hearing) may not be held before, or later than fifteen days after, the hearing date for the examination of the claims filed.

2. the assembly of creditors, at which the claims filed are examined (examination hearing). The period between the deadline for filing claims and the examination hearing must be eight days, at least, and 30 days, at most.

2. These hearings in Paragraph 1 of this Article may be held at the same time.

(RS Law omits "in Paragraph 1 of this Article")

Article 48

Announcement and Service of the Decision to Open a Bankruptcy

(RS Law in the title of this Article omits "delivery")

1. The Bankruptcy Court is required to announce the decision to open a bankruptcy publicly, on the day the decision is made, on the Court's notice board. The announcement must be published in the Official Gazette of the FBIH.

2. The Bankruptcy Court must notify the creditors and the debtor's debtors by sending them a copy of the decision.

3. The petitioner and the debtor must be personally served with the decision in Paragraph 1 of this Article.

(RS Law omits "in Paragraph 1 of this Article")

4. A copy of the decision is delivered to the authorized prosecutor's office. The authorized prosecutor's office is also notified if the bankruptcy proceeding is not opened because of the absence of an estate. Article 49 Public Registers if the debtor or items of its property are included in the public registers, the Bankruptcy Court is required to order the following entries in the appropriate registers:

1. the entry of the opening of the bankruptcy proceeding;

2. the entry of the denial of the petition for opening because of the absence of an estate when the debtor is a legal entity that ceases to exist because of the absence of an estate;

3. the entry of the closing of the bankruptcy proceeding.

Article 50

Appeal of the Decision on Opening the Bankruptcy Proceeding

1. If the petition to open the bankruptcy proceeding is denied, the petitioner may file an appeal, and if the petition is accepted, the bankruptcy debtor may file an appeal.

2. A final decision reversing the decision to open the bankruptcy proceeding must be announced publicly. The consequences of the reversed decision referred to in this Paragraph shall remain in effect. In this event, Article 48, Paragraph 1 of this law applies to the decision reversing a decision,.

(In RS Law this is Paragraph 3, while Paragraph 2 reads: "Appeal from the previous Paragraph does not stay the effect of the decision".)

4. LEGAL CONSEQUENCES OF OPENING THE BANKRUPTCY PROCEEDINGS

a. General Effect of Opening Bankruptcy Proceedings

Article 51

Transfer of the Rights of Administration and Disposition

At the opening of bankruptcy proceedings, the bankruptcy debtor's right to administer and dispose of the property belonging to the bankruptcy estate, and also the rights of its boards, authorized clerk, representatives, and power of attorney, shall be transferred to the bankruptcy trustee.

Article 52

Disposition by the Bankruptcy Debtor

1. Disposal by the bankruptcy debtor of assets of the bankruptcy estate after the opening of bankruptcy proceedings have no legal effect, except those disposals to which general rules for relying on land registers and other appropriate public registers apply. The bankruptcy trustee may request the return of the property disposed, and the other party has the right to be reimbursed through a claim for the damages, if the claim still exists in the bankruptcy estate.

(RS Law: "...and other appropriate public registers")

2. If the bankruptcy debtor has disposed of assets on the day of the opening of bankruptcy proceedings, it is presumed that it transferred the assets after the commencement of proceedings.

Article 53

Payments in Favor of the Bankruptcy Debtor

1. If a direct payment has been made to the bankruptcy debtor for the purpose of paying a debt after the opening of bankruptcy proceedings, the payor shall not be liable to make the payment to the bankruptcy trustee only if it did not know of the opening of bankruptcy proceedings at the time it made the payment.
2. It is presumed that a person who has paid a debt before the opening of the bankruptcy proceeding was announced did not know of the opening of proceedings.

Article 54

Distribution of the Property of a Related Entity

1. If the bankruptcy debtor is in a legal relationship with a third party (co-ownership, joint ownership, partnership, for example), the dissolution of the legal entity is accomplished outside the bankruptcy proceedings.
2. For claims based on such a legal relationship, preferential satisfaction may be demanded from the bankruptcy debtor's share received from the dissolution of the legal entity.
3. Provisions of an agreement that, pertaining to legal entities referred to in Paragraph 1 of this Article, exclude the right to request dissolution of the entity absolutely or for a specified period, or that specify a notice period, shall have no effect in the bankruptcy proceeding.

Article 55

Assumption of Disputes

1. In the event bankruptcy proceedings are opened, all pending court proceedings, including arbitration proceedings, are stayed if they relate to the bankruptcy estate. The stay shall continue until the closing of the bankruptcy proceedings, unless the legal proceedings are resumed before that time in accordance with the provisions of this Article.
2. Pending legal disputes concerning assets belonging to the bankruptcy estate in which the bankruptcy debtor is the plaintiff and which are ongoing at the time of the opening of the bankruptcy proceedings may be assumed in their current posture by the bankruptcy trustee and the opposing party in the dispute.
3. Legal disputes pending against the bankruptcy debtor at the time of the opening of the bankruptcy proceedings may be assumed by either the bankruptcy trustee or the opposing party if they concern:
 1. recovery of an asset from the bankruptcy estate,
 2. satisfaction of a secured claim, or

3. debts of the bankruptcy estate.
4. Legal disputes related to bankruptcy claims may be continued by the creditor only after the bankruptcy trustee disputes these claims at the examination hearing.
5. If the bankruptcy trustee immediately allows the claim, the opposing party may only assert a claim for the refund of the costs of the legal dispute as a bankruptcy creditor.

Article 56

Claims of the Bankruptcy Creditors

The bankruptcy creditors may satisfy their claims against the bankruptcy debtor within the bankruptcy proceedings only.

Article 57

Execution Before Opening Bankruptcy Proceedings

If a bankruptcy creditor has obtained a security interest or some other lien against the property of the bankruptcy debtor that is part of the bankruptcy estate in the 60 days immediately before the filing of the petition to open bankruptcy proceedings or after this petition by compulsory execution or compulsory court attachment, such lien holder's rights shall become ineffective at the time the bankruptcy is opened.

Article 58

Prohibition of Execution and Liens

1. After the opening of the bankruptcy proceedings, individual bankruptcy creditors may not move for compulsory execution against the bankruptcy debtor or request liens on any property that enters the bankruptcy estate.
2. Proceedings referred to in Paragraph 1 of this Article pending at the time of the opening of the bankruptcy proceeding are stayed.
3. The Bankruptcy Judge shall decide on any objections that are raised on the basis of the provisions of Paragraph 1 of this Article against compulsory execution.
4. After the opening of the bankruptcy proceeding, secured creditors may initiate proceedings against the debtor to exercise their rights of execution and foreclosure through the general rules of an enforcement proceeding. Any stayed proceedings of execution and foreclosure that such creditors initiated before the opening of the bankruptcy proceeding will be resumed and conducted by the enforcement court in accordance with the rules for execution proceedings.
5. On motion of a secured creditor, the Court may decide not to allow the enforcement proceeding under Paragraph 4 of this Article or to stay the proceeding if

the trustee provides adequate protection for the claim of the secured creditor. Adequate protection of a secured claim means protection recognized by a decision of the Court, if the value of the guarantee is sufficient so that the creditor will not suffer any impairment as a result of the suspension or deferral of the execution proceeding.

Article 59

Prohibition Against Execution to Satisfy Claims Against the Bankruptcy Estate

1. Compulsory execution to satisfy the debts of the bankruptcy estate that were not incurred through authorized acts of the bankruptcy trustee are prohibited for a period of six months after the opening of bankruptcy proceedings.

2. The provision of Paragraph 1 of this Article does not apply to:

1. liabilities of the bankruptcy estate from a bilateral contractual agreement that the bankruptcy trustee has chosen to perform;

2. liabilities from a continuing obligation for the time after the first date on which the bankruptcy trustee was able to give notice pursuant to this law;

3. liabilities from an employment relation or some other continuing obligation, to the extent that the bankruptcy trustee claims the consideration for the bankruptcy estate.

Article 60

Prohibition Against Obtaining an Interest in Property of the Bankruptcy Estate

1. After the opening of the bankruptcy proceeding, rights can not be legally obtained to property that is part of the bankruptcy estate, even if such rights are not based on disposals by the bankruptcy debtor, or an execution or a lien for the benefit of a bankruptcy creditor.

2. The provisions of paragraph 1 of this Article do not apply in instances relying on the land register and other public registers.

Article 61

Suspension of Mail

1. If it appears necessary in order to discover or prevent legally binding acts of the bankruptcy debtor that are harmful to the creditors, on motion of the bankruptcy trustee or sua sponte, the Bankruptcy Judge shall issue a decision stating that some or all postal consignments for the bankruptcy debtor must be forwarded to the bankruptcy trustee. Such a decision must include an explanation.

2. The bankruptcy trustee shall be entitled to open the postal consignments forwarded to him. Postal consignments whose contents do not concern the bankruptcy estate

must be forwarded immediately to the bankruptcy debtor. Incoming mail is controlled in accordance with the customary office practice of the business; its receipt is documented, and also its delivery to the addressee.

3. The debtor shall have a right to appeal the decision to suspend mail. The Bankruptcy Judge must revoke the decision after hearing from the bankruptcy trustee if the grounds for the decision have ceased to exist.

Article 62

Bankruptcy Debtor's Duty to Provide Information and to Cooperate

1. The bankruptcy debtor is obligated to supply information to the Bankruptcy Court, the bankruptcy trustee, and the creditors' committee, and on the order of the Bankruptcy Judge, to inform the assembly of creditors about all circumstances related to the proceedings.

2. The information supplied pursuant to the provisions of Paragraph 1 of this Article may be used in a criminal or a misdemeanor proceeding against the bankruptcy debtor or his immediate relatives only with his consent.

3. The bankruptcy debtor is required to submit all necessary records to the bankruptcy trustee and to support the bankruptcy trustee in the performance of his duties.

4. On the order of the Bankruptcy Judge, the bankruptcy debtor is obligated to make himself available at all times in order to fulfill his duty to cooperate and to give information. He must abstain from all acts that contradict the fulfillment of these duties.

5. If it appears necessary in order to obtain truthful statements, the Bankruptcy Judge shall order the bankruptcy debtor to make a solemn declaration, which is entered into the minutes, that to the best of his belief and knowledge, he has supplied the information demanded from him correctly and completely.

6. The Bankruptcy Judge may impose compulsory measures against the bankruptcy debtor in the following cases:

1. if the bankruptcy debtor refuses to supply information or to make the solemn declaration on the completeness of the data or to cooperate with the bankruptcy trustee in the fulfillment of his duties,

2. if, regardless of a Court order, the bankruptcy debtor attempts to avoid fulfilling its duty to provide information and cooperate, in particular makes preparations to flee, despite an order prohibiting his absence, or

3. if this is necessary for the prevention of acts of the bankruptcy debtor that contradict the performance of his duties to provide information and cooperate, especially for the purpose of preserving the bankruptcy estate.

7. The determination of the compulsory measures, their enforcement, and also the legal remedies against the determination of the compulsory measures, are conducted pursuant to Article 10, Paragraphs 2 to 5 of this law.

Article 63

Representatives of Management

(In RS Law there is no numeration of these paragraphs and the full title of this Article is "Representatives of Management. Employees")

1. If the bankruptcy debtor is a legal entity, the provisions of Articles 61 and 62 shall apply accordingly to the members of the management and supervisory bodies of the bankruptcy debtor, and also to personally liable members who are accountable to the extent of their property when they are authorized to represent the bankruptcy debtor.

2. The provision of Paragraph 1 of this Article does not apply to persons who have left such positions more than two years before the petition to open bankruptcy proceedings.

(Instead of "Provision of Paragraph 1 of this Article" in RS Law there is "the previous provision")

Article 64

Personal Liability of the Stockholders of the Corporation

If bankruptcy proceedings are opened for a corporation whose stockholders are personally accountable for the liabilities of the corporation, claims against the stockholders of the corporation on the basis of their personal liability derived from the provisions of this or another law may only be enforced by the bankruptcy trustee for the duration of the bankruptcy proceedings.

b. Performance of Legally Binding Contracts

Article 65

Right of the Bankruptcy Trustee to Choose

1. If a bilateral contractual agreement is not or not completely performed by the bankruptcy debtor and by the other party at the time of opening bankruptcy proceedings, the bankruptcy trustee may perform the contractual agreement instead of the bankruptcy debtor and demand performance from the other party.

2. If the other party requests that the bankruptcy trustee exercise his right to choose, the bankruptcy trustee must immediately declare whether he wishes to demand performance. Otherwise, the bankruptcy trustee may not insist on performance.

3. If the bankruptcy trustee refuses to perform, the other party may effectuate a claim for non-performance only as a creditor in bankruptcy.

Article 66

Fixed Contracts

1. If the time of delivery of an obligation under a fixed contract falls due after the opening of bankruptcy proceedings, the performance cannot be a matter of choice.
2. The other contracting party with the bankruptcy debtor may assert a claim for compensation for non-performance as a bankruptcy creditor.
3. The compensation for non-performance consists of the difference between the contractual and market price that applies to fixed contracts on the day of the opening of the bankruptcy proceeding at the place of performance.

Article 67

Divisible Performance

If the performance owed is divisible and, at the time of the opening of bankruptcy proceedings, the other contracting party has already rendered part of the performance owed by it, this party shall be a bankruptcy creditor with a claim in an amount corresponding to its part performance, even if the bankruptcy trustee insists on the still outstanding performance. When the other contracting party's right to payment has not been satisfied, it shall not be entitled to demand the return from the bankruptcy estate of property that was included in the assets of the bankruptcy debtor before the opening of bankruptcy proceedings.

Article 68

Reservation of Title

1. If a reservation of title has been entered in the land register in order to preserve a claim for acquisition or revocation of a right to specific property of the debtor or to specific rights entered on behalf of the bankruptcy debtor or in order to preserve a claim for the change in the substance or priority of that right, the creditor may satisfy its claim as a creditor of the bankruptcy estate. This shall also apply if the bankruptcy debtor has assumed further obligations towards the creditor and these were not or not completely satisfied.
2. The provision of Paragraph 1 of this Article is likewise applicable to the reservations of title entered into other public registers, e.g., the registers of ships or aircraft.

Article 69

Maintaining Ownership Rights

1. If, before the opening of bankruptcy proceedings, the bankruptcy debtor sells personal property subject to a reservation of title and transfers possession to the buyer, the

buyer may demand performance of the sales agreement. This shall also apply if the debtor has assumed further obligations with regard to the buyer and these were not or not completely satisfied.

2. If the bankruptcy debtor buys goods subject to a reservation of title before the opening of bankruptcy proceedings and takes possession of these goods from the seller, the bankruptcy trustee has the right to choose pursuant to the provisions of Article 65 of this law.

3. Before opening bankruptcy proceedings, a prior investigation of the operations, and also an investigation of the privatization carried out for companies that have been privatized or are currently in the privatization process, must be conducted.

(In RS Law there is no Paragraph 3 in this Article)

Article 70

Leases and Tenancies for Items of Real Estate

1. Leases and tenancies of the bankruptcy debtor of real property or premises shall continue to be binding on the bankruptcy estate.

2. The other party to a lease or tenancy may assert claims for the time before the opening of bankruptcy proceedings only as a creditor in bankruptcy.

Article 71

Bankruptcy Debtor as Lessor or Landlord

1. If, as landlord or lessor of real property or premises, the bankruptcy debtor exercises its right to receive rental payments due for a certain period after the current calendar month at the time of opening proceedings, the exercise of such right shall only be allowed if it pertains to rental payments for the current calendar month at the time of opening proceedings. If the proceedings are opened after the fifteenth day of the month, the debtor's exercise of its right to the rental payments shall also be allowed for the following calendar month.

2. Receipt under Paragraph 1 of this Article means the collection of rent for the lease or leasehold. Receipt of rent under a contract shall be on an equal footing with receipt in the course of execution.

3. The debtor's tenant or lessee may offset a claim for the rent under the lease due for the period specified in Paragraph 1 of this Article against a claim belonging to him as a bankruptcy creditor. The provisions of this Paragraph do not apply to the implementation of the provisions of Article 78 and Article 79, Paragraphs 2-4 of this law.

Article 72

Bankruptcy Debtor as Lessee or Tenant

1. The bankruptcy trustee may give notice of termination of a lease or tenancy of real property or premises that the debtor entered into as tenant or lessee, regardless of the agreed duration of the contract, by complying with the statutory notice period. If the bankruptcy trustee gives notice of termination, the other party may demand, as a creditor in bankruptcy, compensatory damages for the premature termination of the contractual relationship.

2. If the real property or premises has still not been transferred to the bankruptcy debtor at the time the proceedings were opened, both the bankruptcy trustee and the other party may give up from the contractual agreement. If the bankruptcy trustee gives up the contract, the other party may demand, as a bankruptcy creditor, compensatory damages for the premature termination of the contractual relationship. Each party must declare within fifteen days of the other party's request whether it wishes to continue the contractual agreement; if it fails to do so, it loses its right to give up from contract.

Article 73

Prohibition Against Terminating Leases and Leasehold Agreements

After the petition to open bankruptcy proceedings, the other party may not terminate a lease or leasehold agreement that the bankruptcy debtor entered into as a tenant or lessee:

1. due to a default in the payment of the rent for the lease or leasehold that occurred before the opening of the proceedings;
2. due to deterioration in the financial condition of the bankruptcy debtor.

Article 74

Labor Contracts

1. After the bankruptcy proceedings are opened, the bankruptcy trustee shall terminate labor contracts with employees in writing within 60 days based on a determination that there is no need for the services of the employees during the bankruptcy proceeding.

(RS Law: "Labor contracts of the bankruptcy debtor's employees terminate on the day the bankruptcy proceeding is opened. The bankruptcy trustee notifies the employees in writing about the termination of employment.")

2. The claims of employees based on cancellation of labor contracts, such as compensation for damages because of the premature termination of contracts or severance pay, may be paid only as claims of general payment priority under Article 32 of this law.

(RS Law: "The bankruptcy trustee may conclude new labor contracts with persons needed to continue the business operations or to conduct the bankruptcy proceeding.")

3. Employees, whose employment was terminated after opening of the bankruptcy proceeding, have priority in new employment, if they meet the qualifications for working on jobs required by the bankruptcy debtor.

(RS Law: "Claims of employees based on termination of labor contracts, such as compensation for damages due to premature termination of labor contracts or severance packages, may be asserted only as bankruptcy claims of a general payment priority, pursuant to Article 32 of this law.)

Article 75

Cancellation of Orders and Contracts for Provision of Services

1. An order placed by the bankruptcy debtor involving assets belonging to the bankruptcy estate shall be cancelled on the opening of bankruptcy proceedings.

2. To avoid damages, the party who received an order is required to proceed with the fulfillment of the order even after the opening of the bankruptcy proceeding, until the bankruptcy trustee assumes this responsibility. To this extent, the order shall be deemed to continue to exist. The claims of the contractor concerning such continuation of the order are paid as the claims of a creditor against the bankruptcy estate.

3. As long as the party who received an order is unaware of the opening of bankruptcy proceedings through no fault of its own, the order shall be considered to remain in effect. For the claims arising from this continuation, the party who received an order shall become a bankruptcy creditor.

Article 76

Termination of Powers of Attorney

1. A power of attorney granted by the bankruptcy debtor related to assets belonging to the bankruptcy estate is terminated on the opening of bankruptcy proceedings.

2. If an order or contract for services under Article 75, Paragraph 2, continues to exist, the power of attorney given on the basis of that contractual relation shall also be deemed to continue to exist.

3. As long as the person holding the power of attorney is unaware of the opening of proceedings through no fault of his own, he shall not be liable, unless the law stipulates otherwise.

Article 77

Prohibited Contractual Provisions

Contractual provisions excluding or restricting in advance the application of Articles 65-76 of this law are invalid.

c. Set-off and Avoidance

Article 78

Admissibility of Setting Off Claims

1. If a bankruptcy creditor is entitled to a setoff on the basis of the law or a contract at the time the bankruptcy proceedings was opened, this right shall not be affected by the opening of bankruptcy proceedings.
2. If the claims to be set off are still subject to a condition subsequent at the time of opening bankruptcy proceedings, such claims may only be set off when that condition is satisfied. A creditor who has a claim with a condition subsequent may prevent the liquidation of the claim of a bankruptcy trustee if he provides adequate protection.
3. Setoff shall not be disallowed because the claims are expressed in different currencies or accounting units if these currencies or accounting units may be freely converted at the claim's place of payment against which such claims are set off. The value of the claims must be converted using the exchange rate that is applicable for this place at the time the notice of setoff is received.

Article 79

Inadmissibility of Setting Off Claims

Set-off shall be impermissible if:

1. a bankruptcy creditor has become indebted to the bankruptcy estate after the opening of bankruptcy proceedings,
2. a bankruptcy creditor acquired its claim from one of the other creditors only after the opening of proceedings,
3. a bankruptcy creditor obtained the right to set off through a disputable transaction,
4. a creditor, whose claim must be satisfied from the assets of the bankruptcy debtor that are not part of the bankruptcy estate, is in debt to the bankruptcy estate,
5. a creditor is an insider within the meaning of Article 87 of this law against whom the bankruptcy debtor has a claim that arose during the six months before the filing of the petition in bankruptcy or that has come due, if the creditor fails to prove that it was unaware at the time of the initial setoff of the bankruptcy debtor's imminent or current inability to pay its debts when due.

Article 80

Basic Provision for Avoidance

1. Pursuant to the provisions of this law, all legally binding transactions that were entered into before the opening of bankruptcy proceedings that undermine the equitable satisfaction of creditors (impair the creditors), or that place certain creditors in a more favorable position (prefer creditors) may be avoided.
2. A legally binding transaction shall be deemed to have occurred at the time its legal effect first became manifest. In the case of an act that is conditional or limited by deadline, the fulfillment of the condition or the expiration of the deadline shall be disregarded.
3. An option to waive and measures of compulsory execution are considered legally binding transactions.

Article 81

General Grounds for Avoidance

1. A legally binding transaction that has facilitated or granted security or paid a bankruptcy creditor shall be voidable if;
 1. it was done in the six months before the petition to open bankruptcy proceedings, if the debtor was unable to pay its debts when due at the time of the transaction or if, at this time, the creditor knew of the debtor's inability to pay its debts when due or was unaware due to gross negligence, or
 2. if it was done after the petition to open proceedings and if, at that time of the transaction, the creditor knew of the debtor's inability to pay its debts when due or was unaware due to gross negligence.
2. A legally binding transaction that has facilitated or granted an unusual security or payment to a bankruptcy creditor, such as a payment the creditor did not have the right to demand, or did not have the right to demand at that time and in that manner, shall be voidable if:
 1. the legally binding transaction occurred in the month immediately preceding the petition to open bankruptcy proceedings or after the filing of the petition,
 2. the legally binding transaction occurred in the second or the third month immediately preceding the petition to open bankruptcy proceedings and the debtor was unable to pay its debts when due at the time of the transaction,
 3. It shall be presumed that the creditor knew of the inability to pay or the petition to open proceedings if he knew of circumstances from which the conclusion is unavoidable that there is an inability to pay debts when due or that a petition to open bankruptcy proceedings has been filed,
 4. With regard to an entity affiliated with the debtor at the time that the legally binding transaction was undertaken pursuant to Article 87 of this law, it shall be presumed that it knew of the debtor's inability to pay its debts when due or of the petition to open proceedings.

Article 82

Avoidance of Legally Binding Transactions Without Compensation

1. A legally binding transaction of the bankruptcy debtor without compensation or with negligible value may be avoided, except if it was undertaken five years before the filing of the petition to open the bankruptcy proceeding.
2. It is presumed that a legally binding transaction is without compensation or with negligible value if the bankruptcy debtor conveyed property of value and did not receive adequate value as compensation.
3. If this concerns an appropriate customary gift of negligible value, the transaction may not be avoided.

Article 83

Deliberate Harm

A legally binding transaction of a bankruptcy debtor that was carried out in the five years immediately preceding the petition to open bankruptcy proceedings or thereafter with the intent to harm a creditor may be avoided if the other contracting party knew the intent of the bankruptcy debtor at the time the transaction was carried out. It is presumed that the other party knew the intent if it knew that the bankruptcy debtor was under threat of an inability to pay and that the transaction would harm the creditors.

Article 84

Loan of Capital

1. A loan of capital exists if a stockholder of a corporation, at a critical time for the corporation has granted a loan to the corporation, when good management practices of the stockholders of the corporation would have required an infusion of their own money, rather than granting loans. This also includes other legally binding transactions that are economically equivalent to the granting of a loan.
2. A legally binding transaction granting security for the claim of a corporate stockholder for repayment of a loan of capital, or for some other similar claim, shall be voidable if the transaction was carried out in the five years immediately preceding the opening of bankruptcy proceedings or after the petition.
3. A legally binding transaction that has satisfied the claim of a corporate stockholder for repayment of an equity loan shall be voidable if the transaction occurred in the year immediately preceding the opening of proceedings or after the petition.

Article 85

Initiating an Avoidance Proceeding

1. The bankruptcy trustee is authorized to avoid the legally binding transactions referred to in Article 78 of this law on behalf of the bankruptcy debtor.
2. Creditors may also avoid legally binding transactions if, after a request by a creditor, the bankruptcy trustee does not initiate a lawsuit within thirty days of the date of the request by the creditor.
3. The lawsuit to avoid a legally binding transaction may be initiated within two years from the day of the opening of the bankruptcy proceeding. A legally binding transaction may be avoided by initiating a counter-suit or an objection during a lawsuit and, in that event, the foregoing deadline does not apply.
4. The lawsuit referred to in Paragraph 1 of this Article is initiated against the person to whom or for whose benefit the avoided transaction was undertaken.
5. If the motion to avoid a legally binding transaction is granted, the avoided legally binding transaction is ineffective for the bankruptcy estate and the opposing party is required to return to the bankruptcy estate all benefits acquired as a result of the avoided transaction.
6. The person who received the benefit, without or with negligible compensation, must return the benefit he has received, unless he knew or should have known that such a benefit would harm the creditors.

Article 86

Counter-claims in Opposition to Avoidance

1. If the party opposing the avoidance returns what he has acquired as the result of an avoided transaction, the party's claim shall be reinstated.
2. To the extent it can be identified as part of the bankruptcy estate or the bankruptcy estate has been enhanced by its value, consideration must be paid from the bankruptcy estate. The party opposing the voidable transfer may assert the claim for return of the consideration only as a creditor in bankruptcy.

Article 87

Insiders

1. If the debtor is a natural person, insiders under this law are:
 1. the spouse of the debtor, even if the marriage was entered into after the legally binding transaction or was dissolved in the year immediately preceding the transaction,
 2. relations of the debtor or the spouse specified in No.1 in ascending and descending line and full and half siblings of the debtor or the spouse specified in No.1, and also the spouses of these persons,

3. persons living in the household with the bankruptcy debtor or who lived in the household with the bankruptcy debtor in the year immediately preceding the transaction.

2. Insiders of the bankruptcy debtor or a legal entity, under this law are:

1. members of management or supervisory bodies and personally liable stockholders of the debtor, partners, and also entities holding a share of more than 10% of the capital of the debtor,

2. an entity or company that, because of its particular relationship with the debtor under company law or a contract of employment, has the possibility of learning about the debtor's financial circumstances,

3. an entity that has a personal relationship specified in Paragraph 1 of this Article with one of the entities specified in No. 1 or 2 of this Paragraph required by law to maintain confidentiality about the affairs of the debtor,

4. third parties that are effectively in a position to exert influence on the debtor tantamount to that of a majority shareholder or representative body. If such third parties are legal entities, this shall also apply to the representative bodies of these third parties.

(In RS Law after "legal entities" adds "or partnerships".)

5. ADMINISTRATION AND LIQUIDATION OF MASE THE ASSETS OF THE ESTATE

a. Preserving the Bankruptcy Estate

Article 88

Taking Over the Bankruptcy Estate

1. After the opening of the bankruptcy proceeding, the bankruptcy trustee shall assume control of all property that enters into the bankruptcy estate, and shall manage it.

2. Based on the enforceable decision to open the bankruptcy proceeding, the bankruptcy trustee may move the Court to order the debtor to transfer the property to the bankruptcy trustee and to order such actions as will enforce this decision. Together with the order for the transfer, the Court may, sua sponte, also order compulsory measures against the representative of the bankruptcy debtor that is a legal entity, pursuant to the law, or who is representing an individual bankruptcy debtor, pursuant to Article 62 of this law.

Article 89

Accounts of the Bankruptcy Debtor

1. On the day of the opening of the bankruptcy proceeding, the accounts of the bankruptcy debtor shall be closed and the rights of the persons who were authorized to manage the property of the bankruptcy debtor in these accounts shall terminate.
2. The bankruptcy trustee shall open new accounts of the bankruptcy debtor and specify persons who will be authorized to manage the funds in these accounts.
3. The funds in the closed accounts shall be transferred to new accounts.

Article 90

The Bankruptcy Debtor's Business Name

After the opening of the bankruptcy proceeding, the notation "in bankruptcy" is added to the business name or to the name of the bankruptcy debtor.

Article 91

Objects of Value

1. The creditors' committee may specify the place and conditions under which money, shares, and valuables may be deposited and invested. If no creditors' committee has been appointed or the creditors' committee has not yet adopted a resolution, the Bankruptcy Judge may order such a resolution on depositing or investing these objects of value accordingly.
2. If a creditors' committee has been appointed, the bankruptcy trustee shall only be entitled to take delivery of money, shares, or objects of value from the place these were deposited or invested if a member of the creditors' committee countersigns the receipt. Instructions of the bankruptcy trustee concerning deposits or investments shall only be valid if a member of the creditors' committee has countersigned them.
3. The assembly of creditors may adopt a resolution concerning deposits or investments that conflicts with the rules of Paragraphs 1 and 2 of this Article.

Article 92

Sealing

In order to preserve the assets of the bankruptcy estate, the bankruptcy trustee may request that a court official sign and seal the bankruptcy debtor's property.

Article 93

Inventory of the Bankruptcy Estate

1. The bankruptcy trustee is required to compile an inventory of the assets in the bankruptcy estate.
2. The value of each asset must be declared. If the value depends on whether the business of the bankruptcy debtor continues operations or not, both values must be declared. If necessary, the valuation of certain portions of the property may be entrusted to the Court's experts.

Article 94

List of Creditors

1. The bankruptcy trustee is required to compile a list of all the bankruptcy debtor's creditors that he has learned about from the ledgers and business records of the bankruptcy debtor, from their claims, or in some other way.
2. The list shall distinguish the secured creditors from the bankruptcy creditors, who are classed by payment priority. For each creditor it is necessary to state the address, and also the basis and the amount of its claim. For secured creditors, it is also necessary to identify the collateral, and also the probable amount for which the creditor would not be able to fully recover. If necessary, the bankruptcy trustee may entrust the compilation of the list to Court experts.
3. The list shall identify the possibility of any setoff. The amount of the liabilities of the bankruptcy estate in the event of an orderly and continuous liquidation of the bankruptcy debtor's property must be estimated.

Article 95

Summary of Assets

1. Within a period not longer than 45 days after his appointment, the bankruptcy trustee must prepare a well organized summary listing the assets of the bankruptcy estate and the liabilities of the debtor at the time of opening bankruptcy proceedings. This summary must include an evaluation of the portion of the bankruptcy estate that may be available in the bankruptcy proceeding for the satisfaction of the bankruptcy debtor's creditors.
2. Once the summary of assets and liabilities is prepared, on motion of the bankruptcy trustee or a creditor, the Bankruptcy Judge must instruct the responsible persons of the bankruptcy debtor to make a solemn declaration in front of the Bankruptcy Judge that the summary of assets and liabilities is complete.

Article 96

Deposit of the Lists and Summary for Inspection

The inventory of the assets of the bankruptcy estate, the list of creditors, and the summary of assets must be deposited by the bankruptcy trustee at the Court premises no later than eight days before the reporting hearing for inspection by concerned parties.

Article 97

Business Ledgers and Tax Liabilities

1. After the opening of a bankruptcy proceeding, the bankruptcy trustee or a person appointed by the bankruptcy trustee shall manage the business ledgers of the bankruptcy debtor.
2. With the opening of the bankruptcy proceeding, a new business year commences. The period of time before the reporting hearing is not calculated in the legally prescribed deadlines for the compilation and the announcement of the final account rendered.
3. The Bankruptcy Judge shall appoint an auditor to render a review of the final accounting in the bankruptcy proceeding, after allowing the bankruptcy trustee and the creditors' committee to express their opinion of the person to be appointed as auditor.

b. Decision on Liquidation of the Bankruptcy Estate

Article 98

Reporting Hearing

1. At the reporting hearing, the bankruptcy trustee must report on the financial circumstances of the bankruptcy debtor and the causes. The bankruptcy trustee must state whether there is any likelihood of saving, in whole or in part, the business of the bankruptcy debtor, what possibilities exist for a plan of reorganization, and what the results would be for satisfying the creditors.
2. At the reporting hearing, the bankruptcy debtor and the creditors must be given an opportunity to comment on the report presented by the bankruptcy trustee.

Article 99

Decision to Continue the Business Operations of the Bankruptcy Debtor

1. At the reporting hearing, the assembly of creditors decides whether the business should be closed or its operation continued on a provisional basis. The creditors may instruct the bankruptcy trustee to prepare a plan of reorganization and specify the purpose of the plan. The creditors may alter their decisions at subsequent hearings.
2. The assembly of creditors determines the manner and the conditions for liquidation of the debtor's property.

Article 100

Closing the Business Operations Before the Decision of the Creditors

1. If the bankruptcy trustee wishes to close the business before the reporting hearing, he must obtain the consent of the creditors' committee, if one has been appointed.
2. The bankruptcy trustee must inform the bankruptcy debtor before the resolution of the creditors' committee or, if one has not been appointed, before closing the business. On motion of the bankruptcy debtor and after hearing the bankruptcy trustee, the Bankruptcy Judge shall prohibit the closure if this can be postponed until the reporting hearing without a significant reduction of the bankruptcy estate.

Article 101

Liquidation of the Bankruptcy Estate

1. After the reporting hearing, the bankruptcy trustee must immediately liquidate the assets belonging to the bankruptcy estate, unless this is precluded by the resolutions of the assembly of creditors.
2. When liquidating the assets of the bankruptcy estate, the bankruptcy trustee must abide by the decision of the assembly of creditors or the creditors' committee on the conditions and manner and of sale.

Article 102

Liquidation of Real Property

1. Real property is liquidated pursuant to the provisions of the law on compulsory execution, and if this is not successful, than it may be liquidated by the bankruptcy trustee through a negotiated sale.

(RS Law: "Real property may be liquidated pursuant to the rules on compulsory execution, and if this is not successful, than it may be liquidated by the bankruptcy trustee through a negotiated sale.")

2. If an item of real property cannot be liquidated, the bankruptcy trustee may abandon it from the bankruptcy estate by conveying to the creditors pro rata, if they will accept it.
3. Property that cannot be conveyed to the creditors pursuant to Paragraph 2 of this Article shall be turned over to persons who hold equity in the bankruptcy debtor, if the bankruptcy debtor is a legal entity, or to the bankruptcy debtor himself, if he is an individual.
4. For sale by direct bargaining of real property that is mortgaged, the consent of the secured creditor is required. The bankruptcy estate is entitled to a 5% share of the secured creditor's proceeds.

5. The secured creditor has the right to inspect the property.

Article 103

Liquidation of Personal Property and Rights

1. The bankruptcy trustee may directly sell personal property that creditors have a security interest in or may have it sold at a public auction if he has the property in his possession.

2. The bankruptcy trustee may recover or liquidate in some other manner a claim that the bankruptcy debtor has assigned or pledged to secure a particular right.

3. If the bankruptcy trustee is entitled to liquidate personal property under Paragraph 1 of this Article, he must, at the request of the secured creditor, provide this person with information on the condition of the property. Instead of providing such information, he may allow the creditor to inspect the property

4. If the bankruptcy trustee is entitled to recover a claim under Paragraph 2 of this Article, he must, at the request of the secured creditor, provide this person with information regarding the claim. Instead of providing such information, he may allow the creditor to inspect the accounts and business records of the bankruptcy debtor.

Article 104

Notification of the Intention to Dispose of Assets

1. Before the bankruptcy trustee sells an asset of personal property or a right, which he is entitled to liquidate under Article 103 of this law, to a third party, he must notify the secured creditor of the manner in which he intends to sell the asset. He must allow the creditor eight days to present another more favorable alternative for liquidation by submitting a concrete offer with evidence of the buyer's solvency.

2. If, within the time specified in Paragraph 1 of this Article or in due time before the sale, the creditor informs the bankruptcy trustee of a more favorable alternative for liquidation, the bankruptcy trustee must avail himself of this alternative or must put the creditor in the same position it would have been in had he availed himself of the alternative.

3. The alternative for liquidation may involve the creditor's taking over the asset.

Article 105

Distribution of the Sale Proceeds of Personal Property That Secures a Claim

1. After the bankruptcy trustee sells an item of personal property or a right, the proceeds from the sale shall first be used to pay the costs of the bankruptcy estate related to the determination of these rights or to the sale. The remaining proceeds shall be used to pay the secured creditors forthwith.

2. If the asset referred to in Article 103 of this law was transferred by the bankruptcy trustee to a creditor, the creditor shall be required to pay to the bankruptcy estate the amount necessary to cover the costs of determining the rights to the claim and paying the taxes imposed on such a sale.

3. The costs referred to Paragraph 2 of this Article, and also the costs of identifying the assets and the determination of the secured rights in these assets, shall be set at a flat rate of 5% of the liquidated sales price.

(RS Law: "The costs referred in the previous Paragraph of this Article...")

4. If the actual costs are higher than the flat rate of 5%, they shall be established in their actual amount. If a tax is imposed on the bankruptcy estate because of the liquidation, the amount of this tax is added to the costs of the liquidation.

Article 106

Protection of the Creditor From Delay in Liquidation

If the bankruptcy trustee is entitled to sell an asset to which a secured creditor has a prior right and delays the sale after the reporting hearing, he must compensate the creditor from the bankruptcy estate for the loss of value attributable to its share of the liquidation.

Article 107

Liquidation by the Creditor

1. A creditor is entitled to liquidate personal property or claims that constitute its collateral if this asset is in his possession or if the bankruptcy trustee has turned the claim to be liquidated over to him.

2. On motion of the bankruptcy trustee and after hearing the creditor, the Bankruptcy Judge may specify a period within which the creditor must liquidate the asset. After the period expires, the bankruptcy trustee is entitled to liquidate the asset.

Article 108

Legal Actions of Special Importance

1. The bankruptcy trustee is required to obtain consent of the creditors' committee for legal actions that are of special importance to the bankruptcy proceeding. If the creditors' committee has not been appointed, consent shall be obtained from the assembly of creditors.

2. The consent referred to in Paragraph 1 of this Article is especially necessary if:

1. there is an intent to dispose of an enterprise or a plant, commodity warehouse in full, an item of real estate, ships, aircrafts, a share of the bankruptcy debtor in some other enterprise that establishes a permanent connection with that enterprise, or a right to regular income,

2. there is an intent to obtain a loan that would represent a significant burden on the bankruptcy estate,

3. there is an intent to file or to continue a lawsuit the subject of which is of significant value, an intent to refuse to continue such a lawsuit, or an intent to enter into a settlement or an agreement in a particular court, in order for such a lawsuit to be accepted or avoided.

Article 109

Effectiveness of Action

A breach of the provisions of Article 108 of this law shall not affect the legal validity of the bankruptcy trustee's action.

6. SATISFACTION OF THE CREDITORS

Article 110

Filing Claims

1. The creditors shall file their claims with the Bankruptcy Court in writing. In the notice of claim, the following must be stated:

1. the firm name or the name and registered offices or place of residence of the creditor;

2. the legal basis and amount of the claim;

3. the number of the current account or another account of the creditor.

2. The creditors that have claims in foreign currencies shall file them in the national currency.

3. The bankruptcy trustee shall compile a list of all the claims of the employees and previous employees of the bankruptcy debtor incurred before the opening of the bankruptcy proceeding and shall submit the filing of their claims in two copies for their signature. The employees and the previous employees may file the additional amount of their claims if they consider that the list of the bankruptcy trustee does not cover their claims in full.

4. If a claim subject to a pending lawsuit is filed, the filing shall indicate the Court before which the proceedings will be conducted and state the docket reference.

5. In the filing, the secured creditors shall indicate the portion of the bankruptcy debtor's assets securing their claims and the amount by which it is expected that these claims will not be satisfied from the collateral.

6. In the filing, the creditors with a right of separate recovery shall identify the assets that they are claiming.

7. The claims of creditors of lower payment priority may only be filed if the Bankruptcy Judge makes a special request for the filing of these claims. In the filing of such claims, the lower priority of the claim must be noted and the creditor's place in the order of priority must be indicated. Otherwise, in a distribution, these claims of lower priority will be disregarded.

8. The bankruptcy creditors shall file their claims in two copies, together with the proofs justifying the claims.

Article 111

Table

The Bankruptcy Court must record each filed claim, with the data listed in Article 110 of this law, in a table. The table and the enclosed documents and certificates must be deposited at the registry of the Bankruptcy Court no later than eight days before the examination hearing for inspection by concerned parties.

Article 112

The Course of the Examination Hearing

1. At the hearing on the examination of claims, the Bankruptcy Judge examines the registered claims of the creditors.

2. The parties at the hearing on the examination of claims are bankruptcy trustee, the creditors who filed their claims, and other parties who, taking into account the goods and services they provided to the bankruptcy debtor, may submit information on the existence and the amount of filed claims

3. The hearing on the examination of claims shall be held even if all the creditors who have filed their claims are not present, if they were properly notified.

Article 113

Claims filed Subsequently

1. Claims filed after the expiration of the filing deadline may be examined at the examination hearing, if proposed by the bankruptcy trustee.

2. Claims filed after the expiration of the filing deadline that were not examined at the examination hearing, and also claims filed within the deadline of three months after

the first examination hearing, but not after the announcement of the invitation to the final hearing, may be examined at one or more separate examination hearings, which shall, on motion of the creditors who did not file their claims in a timely manner, be ordered by decision of the Bankruptcy Judge on condition that the costs of that hearing are covered by a deposit that is paid by these creditors jointly within 15 days. If the deposit is not paid by this deadline, the separate examination hearing shall not be held, and the untimely filed claims shall be rejected.

3. The creditors whose claims are examined subsequently are under no obligation to pay the other creditors' costs of the proceedings.

4. Claims filed after the deadlines in Paragraph 2 of this Article shall be rejected.

5. The Bankruptcy Judge shall make a decision on rejecting claims that were not filed in a timely manner as indicated in Paragraphs 2 and 4 of this Article. This decision is announced on the notice board of the Court and submitted to the claimant, to the bankruptcy trustee, and to the bankruptcy creditor who moved for the claim to be disregarded.

(RS Law: omitted "of this Article")

6. The claimant may appeal a decision to reject a claim, and the bankruptcy trustee or any of the creditors may appeal a decision that determines that a claim filed subsequently is timely.

7. If, pursuant to the provisions of Article 110 of this law, the Bankruptcy Court notifies the creditors of lower payment priority to file their claims so that the deadline for filing of such claims expires in fewer than eight days before the examination hearing, a separate examination hearing shall be held at the expense of the bankruptcy estate.

8. The notice of a separate examination hearing must be announced. The bankruptcy trustee and the bankruptcy debtor, if he is an individual, are entitled to personal service of this notice.

Article 114

Prerequisites for and Effect of Officially Accepting a Claim

1. The bankruptcy trustee must declare whether he officially accepts or disputes the claim. In the filing of secured claims under Article 39 of this law, the bankruptcy trustee may determine, subject to the requirement that the particular creditor produce evidence, the extent to which the collateral is insufficient to satisfy the creditor.

2. An objection by the bankruptcy debtor or a bankruptcy creditor shall not preclude this determination. The Bankruptcy Judge shall note in the table both the result of the examination and who has raised an objection.

3. The entry of the officially accepted claim into the table shall have the effect of a final judgment and determines both the amount and the priority.

4. Spelling mistakes or any other obvious mistakes in the table must be corrected sua sponte.

5. If a bankruptcy creditor subsequently files its claim in a reduced amount, this shall be noted in the table. The bankruptcy trustee may subsequently officially accept claims that were disputed during the examination hearing on request of the bankruptcy creditor. The bankruptcy trustee may subsequently accept claims disputed at the examination hearing by written notification to the Bankruptcy Court.

Article 115

Disputed Claims

If the bankruptcy trustee disputes a claim, the creditor is instructed to file a lawsuit to have the claim officially accepted. If, for the claim that has been disputed, there is an enforceable judgment, the bankruptcy trustee must file a lawsuit to establish the grounds of the objection. If the bankruptcy debtor or a creditor disputed the claim at the examination hearing, the party disputing the claim is instructed to file a lawsuit to establish the grounds for the objection. The party that is required to file a lawsuit concerning a disputed claim must file such a suit within 30 days of the examination hearing at which the claim was disputed. If the person required to file a lawsuit does not do so before this deadline, he is deemed to have forfeited the right to file the suit.

Article 116

Effect of the Decision

1. A final decision by which a claim is officially accepted or an objection is upheld shall be binding on the bankruptcy trustee and all the bankruptcy creditors.
2. A party who has prevailed in the dispute in Court may require the bankruptcy trustee to correct the table of claims.

Article 117

Satisfaction of the Bankruptcy Creditors

1. The satisfaction of the bankruptcy creditors may only begin after the examination hearing.
2. The bankruptcy trustee is entitled to make intermediate distributions in his discretion. Bankruptcy creditors of lower payment priority pursuant to Article 34 of this law shall be disregarded in intermediate distributions.
3. The bankruptcy trustee shall make the distributions. Before each distribution, the bankruptcy trustee must obtain the consent of the creditors' committee, if one has been appointed, or of the assembly of creditors, if no creditors' committee has been appointed.

Article 118

Distribution Schedule

Before a distribution, the bankruptcy trustee must draw up a schedule of the claims to be taken into consideration in the distribution. The schedule must be deposited at the Bankruptcy Court for inspection by concerned parties. The bankruptcy trustee must give public notice of the total claims and the amount available in the bankruptcy estate for distribution.

Article 119

Consideration of Disputed Claims

1. A bankruptcy creditor whose claim was not officially accepted and for whose claim there is no enforceable judgment or final decision must, within 15 days after the public notification pursuant to Article 118 of this law, supply the bankruptcy trustee with documents establishing that a declaratory action has been filed and the amount of this declaratory action, or that the proceedings have been resumed in a previously pending lawsuit. An objection by the bankruptcy debtor or a bankruptcy creditor shall have no effect unless, before the legal deadline, judicial findings confirm that the objection was justified.

(RS Law: instead of "before the legal deadline" read "within the preclusive deadline")

2. If the evidence referred to in Paragraph 1 of this Article is produced within the time allowed, the share apportioned to the claim shall be withheld in the distribution while the lawsuit is pending.

Article 120

Consideration of Secured Creditors

1. A secured creditor must, before the legal deadline provided in Article 119 of this law, provide evidence to the bankruptcy trustee that it has waived its secured claim and the value of the claim waived or that the liquidation of the collateral has not resulted in the satisfaction of its claim. If the evidence is not provided in the allowed time, the claim shall be disregarded in the distribution.

(RS Law: instead of "before the legal deadline" read "within the preclusive deadline")

2. If the bankruptcy trustee is entitled to liquidate an asset claimed by a secured creditor and he has not yet liquidated the asset, Paragraph 1 of this Article shall not apply.

Article 121

Subsequent Consideration

Creditors who were disregarded in an intermediate distribution, but who subsequently meet the conditions referred to in Articles 119-120 of this law, shall receive, in the subsequent distribution, an amount in advance from the remaining bankruptcy estate to accord them equal treatment with the other creditors.

Article 122

Changes to the Distribution Schedule

The bankruptcy trustee must make the changes in the distribution schedule that are required under Articles 119-121 within three days after the expiration of the legal deadline in Art 119, Paragraph 1 of this law.

(RS Law: instead of "the legal deadline" read "the preclusive deadline")

Article 123

Objections to the Distribution Schedule

1. The objections of creditors to the distribution schedule may be raised in the Bankruptcy Court before the expiration of eight days after the end of the legal deadline provided in Art 119, Paragraph 1 of this law.

(RS Law: "The objections of creditors to the distribution may be raised in the Bankruptcy Court..." and instead of "legal deadline" read "preclusive deadline")

2. A decision of the Bankruptcy Court overruling the objections must be served on the creditor and the bankruptcy trustee. The creditor shall be entitled within eight days to appeal this decision directly to the Appellate Court.

3. A decision of the Bankruptcy Court ordering a modification of the distribution schedule must be served on the creditor and the bankruptcy trustee and deposited at the Court's registry for inspection by concerned parties. The bankruptcy trustee and the bankruptcy creditors are entitled to appeal the decision on the objection. The period for the appeal shall begin on the day the decision is deposited at the Court registry for inspection by concerned parties.

Article 124

Main Distribution

1. When giving consent for the main distribution, the Bankruptcy Judge sets the date for the hearing on the main distribution. At the hearing on main distribution the Bankruptcy Judge, with creditors and the bankruptcy trustee considers the proposed distribution. In the event of an appeal by a creditor, the provisions of Article 123, Paragraph 1 of this law apply accordingly. At the hearing on the main distribution, the proposed distribution may be modified or supplemented. If there are no proposals to

modify or supplement, or after they are adopted, the Bankruptcy Judge shall certify the proposed distribution.

2. After the Bankruptcy Judge certifies the proposed distribution, the bankruptcy trustee must make the distribution. The Bankruptcy Court shall notify the creditors whose claims have been either not satisfied or only partly satisfied, by returning the documents they filed, that unsatisfied claims against the bankruptcy debtor may be asserted in a regular execution proceeding. This notification must be made pursuant to the rules on personal service.

3. Together with the foregoing information, the creditors must be issued judgments from the certified schedule of claims.

4. In the hearing on the main distribution, the bankruptcy trustee must render his final accounting and to submit his report.

5. Creditors may surrender unliquidated assets at their estimated value by setting them off against allowed claims. Otherwise, they must be turned over to the bankruptcy debtor or to the equity holders of the company.

6. The bankruptcy trustee shall provide evidence to the Bankruptcy Court of the distribution to the creditors.

7. The period between the announcement of the hearing for the main distribution and the hearing itself must be no less than 15 days and no more than 30 days.

Article 125

Depositing Funds Retained

The bankruptcy trustee must deposit with the Court any funds that have been retained in the main distribution.

7. CLOSING THE BANKRUPTCY PROCEEDING

Article 126

Closing Bankruptcy Proceedings

1. As soon as the main distribution has been completed, the Bankruptcy Judge shall order the closing of the bankruptcy proceedings.

2. The order and the grounds for concluding the bankruptcy proceedings must be announced in the "Official Gazette of the FBiH".

(RS Law inserts "publicly" before "announced")

Article 127

Rights of Creditors After the Closing of the Bankruptcy Proceedings

1. After the bankruptcy proceedings are closed, bankruptcy creditors may assert their outstanding claims against a bankruptcy debtor who is an individual according to the general rules in the Civil Code.
2. After the proceedings are closed, bankruptcy creditors who have participated with their claims in the bankruptcy proceedings may only enforce these claims against the bankruptcy debtor through a judgment based on the table of claims. The motion for a judgment based on the table of claims may only be obtained after the closing of the bankruptcy proceeding. The Bankruptcy Court competent to issue this judgment.

Article 128

Subsequent Distribution

1. On a motion of the bankruptcy trustee or a bankruptcy creditor or sua sponte, the Bankruptcy Judge shall order a subsequent distribution if, after the final hearing:
 1. the conditions are met for the retained funds to be distributed to bankruptcy creditors;
 2. funds paid from the bankruptcy estate flow back to the bankruptcy estate;
 3. assets of the bankruptcy estate are subsequently discovered.
2. The closing of the bankruptcy proceeding shall not preclude the ordering of a subsequent distribution.
3. The Bankruptcy Judge may refrain from ordering a subsequent distribution and relinquish the available funds or the discovered asset to the bankruptcy debtor if this appears reasonable considering the insignificance of the amount or the negligible value of the asset and the costs of a subsequent distribution. The Bankruptcy Judge may make the decision of a subsequent distribution contingent on a sum of money being deposited to cover the costs of the subsequent distribution.

Article 129

Legal Remedies

1. The order in which the motion for a subsequent distribution is denied must be served on the applicant. The applicant is entitled to appeal the order.
2. The order in which a subsequent distribution is ordered must be served on the bankruptcy trustee, the bankruptcy debtor, and if a creditor has filed the motion for the distribution, on this creditor. The bankruptcy debtor, if he is an individual, is entitled to appeal the order.

Article 130

Making a Subsequent Distribution

After a subsequent distribution has been ordered, the former bankruptcy trustee must distribute the amount that is unencumbered or the proceeds from the liquidation of the subsequently discovered asset based on the distribution schedule. The bankruptcy trustee must render an accounting to the Bankruptcy Judge.

Article 131

The Exclusion of Creditors from the Bankruptcy Estate

1. The creditors of the bankruptcy estate may only demand payment of their claims from the assets remaining in the bankruptcy estate after the distribution.
2. The only creditors who have this right are creditors of the bankruptcy estate whose claims became known to the bankruptcy trustee:
 1. in an intermediate distribution after the distribution schedule was filed,
 2. in the main distribution after the end of the hearing for the main distribution, or
 3. in a subsequent distribution after the public announcement.

(In RS Law this Article does not have numbered Paragraphs, but the content is identical)

Article 132

Closing of the Bankruptcy Proceeding due to an Insufficient Bankruptcy Estate

1. If, after the opening of bankruptcy proceedings, it is established that the bankruptcy estate is insufficient to cover the costs of the bankruptcy proceedings, the Bankruptcy Judge shall close the proceedings. The proceedings shall not be closed if a sufficient sum of money is deposited. Concerning this deposit, Articles 13 and 43, Paragraph 4, of this law apply accordingly.
2. Before closing the bankruptcy proceeding, the Bankruptcy Judge shall hold a hearing with the representative of the assembly of creditors, the bankruptcy trustee, and the creditors of the bankruptcy estate. On motion of the bankruptcy trustee, this deliberation may even take place during the reporting hearing.

(RS Law: instead of "representative of creditors" read "assembly of creditors")

3. To the extent that funds are available in the estate prior to the closing, the bankruptcy trustee must pay the costs of the proceedings. The bankruptcy trustee shall no longer be obligated to liquidate the assets of the bankruptcy estate.

Article 133

Notification of Insufficient Assets in the Bankruptcy Estate

1. If the costs of the bankruptcy proceedings are covered, but the bankruptcy estate will not be sufficient to pay other debts as they come due, the bankruptcy trustee shall notify the Bankruptcy Court that there are insufficient assets in the estate. The same shall apply if the bankruptcy estate is expected to be insufficient to pay outstanding debts .
2. The Bankruptcy Court must give public notice of the insufficiency of assets in the bankruptcy estate. In particular, notice must be served on the creditors of the bankruptcy estate.
3. The duty of the bankruptcy trustee to liquidate and administer the assets of the estate shall continue after the announcement of the insufficiency of assets in the bankruptcy estate.

Article 134

Satisfaction of the Creditors of the Bankruptcy Estate When the Bankruptcy Estate has Insufficient Assets

1. The bankruptcy trustee must satisfy the liabilities of the bankruptcy estate in the following order of priority:
 1. the costs of the bankruptcy proceedings,
 2. liabilities of the bankruptcy estate that were incurred after notification of the insufficiency of the estate's assets, without being part of the costs of the proceedings,
 3. the remaining liabilities of the bankruptcy estate.
2. Liabilities of the bankruptcy estate within the meaning of Paragraph 1, No. 2, of this provision shall also include liabilities:
 1. for a bilateral contract that the bankruptcy trustee chose to perform after notice of insufficient assets in the bankruptcy estate,
 2. for a continuing obligation from the time after the first date at which the bankruptcy trustee could have rescinded the relationship after notice of insufficient assets in the bankruptcy estate,
 3. for a continuing obligation, if the bankruptcy trustee has claimed the consideration on behalf of the bankruptcy estate after notice of insufficient assets in the bankruptcy estate.

Article 135

Prohibition on Execution

Once the bankruptcy trustee has reported insufficient assets in the bankruptcy estate, execution to satisfy creditors within the meaning of Article 134, Paragraph 1, No. 3 of this law shall not be permitted.

Article 136

Closing Bankruptcy Proceedings After Notice of Insufficient Assets in the Bankruptcy Estate

1. Once the bankruptcy trustee has distributed the bankruptcy estate pursuant to Article 134 of this law, the Bankruptcy Judge shall close the bankruptcy proceeding.
2. After giving notice of insufficient assets in the bankruptcy estate, the bankruptcy trustee must render a separate accounting of his services to the Bankruptcy Judge.
3. If assets of the bankruptcy estate are discovered after the proceedings have been closed, on the motion of the bankruptcy trustee or a creditor of the bankruptcy estate or sua sponte, the Bankruptcy Judge shall order a subsequent distribution. The provisions of Article 128, Paragraph 3, and Articles 129-130 of this law apply accordingly.

Article 137

Discontinuance Due to the Absence of Grounds to Open Proceedings

The bankruptcy proceedings shall be discontinued upon motion of the bankruptcy debtor if he provides security that, after the proceedings are discontinued, he would not become insolvent or be at imminent risk of insolvency. The motion shall only be allowed if the absence of grounds to open proceedings has been established by prima facie evidence.

Article 138

Discontinuance with Consent of the Creditors

1. Bankruptcy proceedings shall be discontinued on motion of the bankruptcy debtor, if the bankruptcy debtor, after the expiration of the deadline to file claims, obtains the consent of all the bankruptcy creditors who have filed claims. The Court shall decide in its discretion if security, as well as the consent of the creditors whose claims are disputed by the bankruptcy trustee or the debtor, and of the secured creditors, is required.
2. On the motion of the bankruptcy debtor, proceedings may be discontinued before the expiration of the deadline to file claims if, apart from the creditors whose consent the debtor obtains, no other creditors are known.

Article 139

Procedure for Discontinuance

1. The motion to discontinue bankruptcy proceedings pursuant to Articles 137 and 138 of this law must be publicly announced. The motion must be deposited at the Court's premises for inspection by the parties and, under Article 138 of this law, the creditors' declarations of consent must be enclosed. Within eight days of the announcement, the bankruptcy creditors may file their objections to the motion in writing or have their objections recorded at the registry.

2. The Bankruptcy Judge shall decide on discontinuing the proceedings after hearing the moving party, the bankruptcy trustee, and the representatives of creditors' committee, if one was appointed. In the event of an objection, the objecting creditor must also be heard.

(RS Law: instead of "the representative of creditors' committee" read "creditors' committee".)

3. Before the discontinuance, the bankruptcy trustee must pay the undisputed debts of the bankruptcy estate and provide security for the disputed debts.

Article 140

Public Notice and the Effect of Closing and of Discontinuance

1. The decision in which bankruptcy proceedings are closed pursuant to Articles 132 and 136, or discontinued pursuant to Articles 137 and 138 of this law, and the grounds for the closing or discontinuance, must be publicly announced. The bankruptcy debtor, the bankruptcy trustee, and the members of the creditors' committee must be notified in advance of the effective date of the closing or discontinuance, pursuant to Article 12, Paragraph 2 of this law. The provisions of Article 126 of this law apply accordingly.

2. After the discontinuance of bankruptcy proceedings, the bankruptcy debtor shall regain the right to freely dispose of the property that entered the bankruptcy estate. The provision of Article 127 of this law apply accordingly.

3. After the decision to close the bankruptcy proceeding becomes legally final, the Bankruptcy Judge shall order the removal of the bankruptcy debtor from the register, and after the discontinuance, the Bankruptcy Judge shall order the removal of the provisional entry.

Article 141

Legal Remedies

1. If bankruptcy proceedings are closed pursuant to Articles 132 and 136 of this law, or discontinued pursuant to Articles 137 and 138 of this law, each bankruptcy creditor and, if the closing was pursuant to Articles 132 and 136 of this law, the bankruptcy debtor, is entitled to appeal the decision of the Court.

2. If the Court denies the motion under Articles 137 and 138 of this law, the bankruptcy debtor is entitled to appeal.

V. REORGANIZATION

1. PREPARING THE DEBTOR'S REORGANIZATION

Article 142

Basic Provisions

1. After the opening of a bankruptcy proceeding, a reorganization plan may be drafted that deviates from the provisions of law governing the liquidation and distribution of the bankruptcy estate.

2. A reorganization plan, specifically, may:

1. allow the bankruptcy debtor to retain all or part of its property in order for the business operations of the bankruptcy debtor to continue,

2. transfer all or part of the bankruptcy debtor's property to one or more existing legal entities or legal entities that will be created,

3. merge the bankruptcy debtor with one or more legal entities,

4. sell all or a part of the bankruptcy debtor's property, subject to or free of any lien,

5. distribute all or part of the bankruptcy debtor's property among the creditors,

6. convert debt to equity,

7. determine the manner of satisfying the bankruptcy creditors,

8. satisfy or modify the rights of secured creditors,

9. reduce or postpone payment of the bankruptcy debtor's liabilities,

10. turn the bankruptcy debtor's liabilities into credits,

11. issue a guarantee or provide other kinds of security for the satisfaction of the bankruptcy debtor's liabilities,

12. determine the bankruptcy debtor's liability after the closing of bankruptcy proceedings,

13. issue new shares, etc.

Article 143

Filing a Plan

1. The bankruptcy debtor may file a reorganization plan together with a petition to open a bankruptcy proceeding. After the opening of bankruptcy proceedings, the right to file a reorganization plan with the Bankruptcy Court is granted to the bankruptcy trustee and to the bankruptcy debtor. A plan shall not be considered if it has been filed with the Court after the final hearing.

2. If the assembly of creditors has instructed the bankruptcy trustee to prepare a reorganization plan, the bankruptcy trustee must file it with the Bankruptcy Court within 30 days of such instruction. The deadline for filing the plan may be extended by the Court, when appropriate grounds exist, for an additional 30 days. The creditors' committee, if established, and the debtor as an individual shall cooperate with the trustee in the preparation of the plan.

Article 144

Contents of the Plan

A reorganization plan must contain a declarative and a substantive part. The documents described in Articles 154 and 155 of this law must also be attached to the plan.

Article 145

Declarative Section

1. The declarative section of the plan shall describe the measures that were taken before the opening of the bankruptcy proceeding and the measures that are still to be undertaken as the basis for the planned satisfaction of the rights of the parties.

2. The declarative part of the plan shall also contain information on the basis and the effect of the plan relevant to the creditors' decision concerning the plan and its confirmation by the Court.

Article 146

Substantive Section

1. The substantive section of the plan shall contain provisions on how the legal status of the bankruptcy debtor and other parties in the proceedings will be affected by the plan.

2. The plan shall include a description of how, when, and in what amount the secured creditors and other classes of creditors will be paid or otherwise compensated;

conversion of claims of creditors to equity in the debtor; creation of new debt by the debtor and the types of assurances to be offered to each class of creditors and new investors and how they will be paid in full or protected from impairment that may result from the implementation of the plan; the degree to which the debtor will be forgiven debt; the manner of compensation offered to all classes and the difference in the distribution if the debtor is liquidated; financial projections and the types of measures to be undertaken to restore the profitability of the business of the debtor; the manner of carrying out the reorganization, especially with reference to the organizational, management, financial, technical measures, and the measures for reducing the number of employees; sources of funds and the financial plan for implementation of the bankruptcy plan, including increasing the original equity and the debt, and also other measures undertaken pursuant to this law.

Article 147

Classification of Creditors in the Bankruptcy Plan

1. The plan shall classify the parties into separate classes when defining their rights. Under the plan, creditors with a different legal status shall be classified in separate classes. The following shall be distinguished:

1. creditors with right to separate recovery, if the plan affects their rights,
2. creditors that are not of lower priority,
3. each class of creditors of lower priority, if their claims are not discharged pursuant to Article 150 of this law.

2. Creditors of the same legal status may be classified into classes according to the similarity of their economic interests. This classification should be based on valid reasons. The criteria for classification should be stated in the plan.

3. The employees shall constitute a separate class if in their capacity as creditors in the bankruptcy proceeding they claim sums that are not negligible. Separate classes may be constituted for the smaller creditors.

Article 148

Secured Creditors

1. Unless the reorganization plan provides otherwise, the plan shall not affect the rights of secured creditors to be satisfied from their collateral.

2. If the plan provides otherwise, the substantive section of the plan shall state to what extent their rights will be impaired, how long their satisfaction will be delayed, and what other provisions of the plan may affect them.

Article 149

Rights of Creditors in the Bankruptcy Proceeding

For the creditors not of a lower priority, the substantive section of the plan shall state the percentage by which their claims are reduced, how long their satisfaction is delayed, the security provided, and what other provisions of the plan may affect them.

Article 150

Rights of Lower Priority Creditors in the Bankruptcy Proceeding

1. Unless the reorganization plan provides otherwise, by virtue of the acceptance of the plan, the claims of creditors of lower priority are considered discharged.

2. If the bankruptcy plan deviates from the provisions of Paragraph 1 of this Article, the substantive section of the plan shall precisely set forth the particulars stated in Article 149 of this law for each class of lower priority creditors.

3. The plan shall not eliminate nor limit the bankruptcy debtor's liability to pay fines and other equivalent obligations after the closing of the bankruptcy proceedings.

Article 151

Principle of Equal Treatment of All Parties

1. All participants classified in a class shall be accorded equal treatment in the reorganization plan.

2. Any different treatment of participants that constitute one class shall require the consent of all affected participants. In such event, declarations of consent of all participants for this different treatment must be attached to the reorganization plan.

3. Any agreement concluded by the bankruptcy trustee, by the debtor, or by a third person with specific participants that provides some accommodation not disclosed in the plan in exchange for the way they will vote or any other agreements that are in some other way related to the bankruptcy proceeding shall be null and void.

Article 152

Responsibility of the Bankruptcy Debtor

1. Unless the reorganization plan provides otherwise, after the satisfaction of the creditors in the bankruptcy proceeding in accordance with the provisions of the substantive section, the bankruptcy debtor shall be discharged of its remaining obligations to these creditors.

2. When the bankruptcy debtor is a public company, a limited partnership or a partnership, Paragraph 1 of this Article applies to the personal liability of the partners or stockholders of the corporation accordingly.

(RS Law: "When the bankruptcy debtor is a partnership, a limited partnership or a corporation, Paragraph 1 of this Article applies...").

Article 153

Ownership and Property Rights

When implementation of the reorganization plan involves establishing, changing, transferring, or suspending the ownership or other property rights in items of property or rights of the bankruptcy debtor, the substantive section of the plan may be accompanied by the required declarations of consent of the parties. The statements that must be entered into the land registry books or any other relevant public records must be furnished pursuant to the regulations concerning entries in the land registry or in other relevant public records.

Article 154

Summary of the Property

(In RS Law the full name of this Article is "Summary of the Property. Financial Plan and Plan of Results")

When the plan provides that the creditors' claims will be paid from the revenues generated by further continuation of the debtor's business operations, regardless whether the enterprise will continue to be managed by the debtor or a third party, the reorganization plan shall include an inventory of the property, stating the value of each item of assets, and the obligations to be paid if the plan is confirmed. In addition, the plan shall set out the income and expenses expected in the period that is planned for the payment of liabilities to creditors, and the cash flow during this period that supports the ability of the enterprise to make payments during this period.

Article 155

Additional Attachments

1. When the reorganization plan provides that the debtor will continue to manage its business, a statement that the bankruptcy debtor is willing to continue and to operate the business on the basis of the plan shall be attached to the plan. If the debtor is a partnership with unlimited joint responsibility or a limited partnership, similar declarations of all personally liable partners shall be attached to the plan. Such a declaration by the bankruptcy debtor is not necessary when the debtor itself has filed the plan.

(RS Law: instead of “a partnership with unlimited joint responsibility” read “ business partnership.”)

2. When the plan provides that certain creditors will acquire stock in the debtor as a legal entity, will become its equity holders, or will acquire certain rights concerning the activities of the debtor as an individual, declarations of consent of all such creditors shall be attached to the plan.

3. When a third party agrees to assume the liabilities to the creditors after the confirmation of the plan, a declaration of consent of that third party shall be attached to the plan.

4. If the bankruptcy plan contemplates changes in the debtor’s status (consolidation, merger, etc.), the declarations of the legal entities that would be involved in these changes must be attached to the plan.

Article 156

Rejection of the Plan

1. In its official capacity the Bankruptcy Court shall reject the plan if:

1. the provisions that govern the right to file a plan or the provisions that govern its contents have not been satisfied, and the person who has filed the plan cannot cure these defects or did not cure them within a reasonable time period set by the Court,

2. it is obvious that there is no prospect that the plan will be accepted by the creditors or confirmed by the Court,

3. the plan is filed by the bankruptcy debtor and it is obvious that it is impossible for the claims to be paid in the manner and on the terms set forth in the substantive section of the plan.

2. If, in the course of the bankruptcy proceeding, the debtor has already filed a plan that was not accepted by the creditors, was not confirmed by the Court, or was withdrawn by the debtor itself after notification of the date when the hearing on the proposed plan would take place, the Court shall decline to accept a new plan filed by the debtor, if such rejection is requested by the bankruptcy trustee, with the consent of the creditors’ committee, if such a committee has been established.

3. The party that has filed the plan may appeal the decision rejecting it.

Article 157

Responses to the Bankruptcy Plan

1. If the reorganization plan has not been rejected, the Bankruptcy Court shall request that the following parties state their opinion of the plan within 30 days:

1. the creditors’ committee, if one has been appointed,

2. the debtor, if the plan was filed by the bankruptcy trustee, and
3. the bankruptcy trustee, if the bankruptcy debtor filed the plan.

2. The Bankruptcy Court may also invite management bodies responsible for the activities of the bankruptcy debtor, and also the authorized chamber of commerce, to respond to the proposed bankruptcy plan.

(RS Law: instead of "management bodies responsible" read "governmental agencies responsible", and in of "authorized chamber of commerce" word "authorized" is omitted)

Article 158

Stay of Liquidation and of Satisfaction of Creditors

On motion of the bankruptcy debtor or the bankruptcy trustee, the Bankruptcy Court may order a stay of the liquidation and distribution of the bankruptcy estate if the implementation of the plan would be jeopardized by continuing liquidation and distribution of the bankruptcy estate. The Bankruptcy Court shall not order the stay, or shall rescind or terminate this order, if it creates a risk of significant harm to the property that comprises the bankruptcy estate, or if the bankruptcy trustee, with consent of the creditors' committee or the assembly of creditors, moves for a continuation of the liquidation and distribution of the estate.

Article 159

Filing the Bankruptcy Plan

The reorganization plan, together with attachments and all responses received, must be filed in the administrative office of the Court for inspection by the parties.

2. ACCEPTANCE AND CONFIRMATION OF THE PLAN

Article 160

Hearing to Discuss and Vote on the Bankruptcy Plan

1. The Bankruptcy Court shall set a hearing at which the reorganization plan and voting rights will be discussed and voted on. No more than 30 days may pass from the day of the decision setting the hearing until it is held.
2. The day of the hearing to discuss and vote must be noticed. The notice must indicate that the proposed plan and the responses received are available for inspection by all parties in the administrative office of the Bankruptcy Court.

3. The bankruptcy creditors who have filed claims, the secured creditors, the bankruptcy trustee, and the debtor must receive personal notices to attend the hearing for discussion and voting. A copy of the plan, or a summary of the basic contents of the plan, which the party that has filed the plan is required to file with the Court on request of the Court, should be served together with the notice.

Article 161

Merger with the Examination Hearing

The hearing on discussion and voting on the bankruptcy plan should not be held before the examination hearing. These two hearings may be combined.

Article 162

Voting Rights of Bankruptcy Creditors

1. In the course of the voting on the reorganization plan, the provisions of this law on the determination of voting rights apply to determine the voting rights of the bankruptcy creditors. Secured creditors may vote as bankruptcy creditors only if the debtor is liable to them personally and if they have abandoned their collateral or if their claims have not been satisfied from the collateral.

2. Creditors whose claims are not affected by the bankruptcy plan are not eligible to vote.

Article 163

Voting Rights of the Secured Creditors

1. If the legal status of the secured creditors is affected by the reorganization plan, the hearing shall also consider the voting rights of each of these creditors separately. The right to vote must be accorded each secured creditor, if the bankruptcy trustee, the secured creditors, or the bankruptcy creditors did not dispute this right. The provisions of this law that concern the voting rights of such creditors apply to the voting rights of the holders of disputed or unmatured claims and claims related to a condition subsequent.

2. Secured creditors whose legal status is not affected by the bankruptcy plan shall have no right to vote.

Article 164

List of Voting Rights

On the basis of the discussion at the hearing, the Bankruptcy Judge shall compile a list of creditors and the voting rights they are entitled to.

Article 165

Amendments to the Plan

The party that has filed the plan has the right to amend the contents of particular provisions in the plan in accordance with the discussions at the hearing. The same hearing may include voting on the amended plan.

Article 166

Separate Hearing for Voting

1. The Bankruptcy Court may also set a separate hearing solely to vote on the reorganization plan. In that event, not more than 30 days should elapse between the hearing at which the plan was discussed and the hearing at which the plan will be voted on.
2. The creditors who are eligible to vote and the debtor must be invited to the hearing for voting. If the plan was amended, such changes must be specifically identified.

Article 167

Voting in Written Form

1. If a separate hearing to vote on the bankruptcy plan is set, the creditors may also vote in written form.
2. After the hearing at which the plan has been discussed, the Bankruptcy Court shall distribute ballots to the creditors notifying them of their eligibility to vote. When the creditors vote in written form, only the votes that the Court has received at least three days before the hearing on voting takes place shall be counted. When distributing the ballots, the Court shall indicate this to the creditors.

Article 168

Voting by Classes

Each class of creditors eligible to vote shall vote separately on the reorganization plan.

Article 169

Required Majority

1. The reorganization plan shall be deemed accepted if in each class of creditors the majority of creditors who are eligible to vote have voted, and the sum of the claims of the creditors that voted for the plan is greater than the sum of the claims of the creditors that voted against the plan.

2. The creditors who, before the opening of the bankruptcy proceeding, held particular rights jointly or whose rights represented one single right shall be considered one creditor for purposes of voting. The same applies to the treatment of the rights of secured creditors or the rights of lessors.

Article 170

Prohibition of Obstruction

1. If the necessary majority in a class has not been achieved during the voting, the voting class is deemed to have accepted the bankruptcy plan if:

1. the creditors in this class are in no worse a position than without the plan,
2. the creditors receive some of the economic benefits that are afforded to the parties in the bankruptcy plan,
3. the majority of voting classes have voted for the plan by the required majorities.

2. For the purposes of Paragraph 1 of this Article, the creditors of a particular class are deemed to have received some economic benefits if:

1. according to the bankruptcy plan, none of the other creditors will receive a benefit or other accommodation that exceeds the full amount of their claims,
2. no benefit is received by a creditor that would, if there were no plan, be of a lower priority than the creditors in this class, or by the debtor or a person with an equity interest in the debtor,
3. none of the creditors that would have the same priority, if there were no plan, is placed in a better position than the creditors in this class.

Article 171

Consent of the Creditors of Lower Priority in the Bankruptcy Proceeding

1. The classes of creditors with claims for interest that has been accumulating since the opening of bankruptcy proceedings and of creditors that are claiming compensation for their costs of participating in the bankruptcy proceedings are deemed to have accepted the plan if the bankruptcy debtor is, according to the plan, discharged from these obligations, or if, pursuant to Article 150 of this law, the bankruptcy debtor is considered discharged of these obligations, or if, according to the plan, even the principal claims of these creditors will not be paid in full.

2. The classes of one priority below the bankruptcy debtor's obligations based on monetary penalties or other similar obligations are deemed to have accepted the plan if none of the bankruptcy creditors is placed in a better position by the plan than the creditors in this class.

3. A class is deemed to have given its consent if none of the creditors that constitute the class has voted.

Article 172

Consent of the Debtor

1. The bankruptcy debtor is deemed to have consented to the proposed bankruptcy plan if he did not oppose the plan in writing or orally at the voting hearing, at the latest.

2. Any objection by the debtor pursuant to Paragraph 1 of this Article shall not be considered by the Bankruptcy Court if, with the acceptance of the plan, the debtor is not placed in a less favorable position than his position without this plan; and if none of the creditors receives a benefit or any other accommodation that exceeds the full amount of its claim.

3. The provisions of Paragraphs 1 and 2 of this Article apply accordingly to stockholders, equity holders, and holders of other rights in legal entities.

Article 173

Confirmation of the Bankruptcy Plan

1. After the creditors have accepted the reorganization plan and after the bankruptcy debtor consents to the plan, the Bankruptcy Court shall decide whether to confirm the plan.

2. The Bankruptcy Court shall first hear from the bankruptcy trustee, the creditors' committee, if such a committee has been appointed, and the bankruptcy debtor.

3. The decision confirming the reorganization includes the substantive section of the plan accepted by the creditors.

Article 174

Conditional Plan

If the reorganization plan requires that certain actions must be performed or other measures instituted before confirmation of the plan, the plan may not be confirmed until these preconditions have been met. The Court shall, in its official capacity, refuse to confirm the proposed plan if the prescribed conditions have not been met within a reasonable time period as determined by the Court.

Article 175

Violation of Procedural Provisions

The Bankruptcy Court, in its official capacity, shall refuse to confirm the reorganization plan if:

1. during the drafting of the plan the provision regulating the the content and form of the plan or the acceptance by the creditors or bankruptcy debtor have been substantially violated, unless these violations can be cured, or

2. the plan was adopted in an illicit way or by illicit means, and especially if the proposed plan places certain creditors in a more favorable position.

Article 176

Protection of Creditors

1. On motion of a creditor, the Bankruptcy Court shall refuse to confirm the reorganization plan if:

1. the creditor has opposed the plan in written form or orally, in the minutes, during the hearing for voting, at the latest; and

2. the plan places the creditor in a less favorable position than he would have been in if there were no plan.

2. The motion referred to in Paragraph 1 of this Article may be granted only if the creditor establishes the probability that under the terms of the plan he has been placed in a less favorable position.

Article 177

Announcement of the Decision

1. The decision confirming or rejecting the reorganization plan must be announced at the hearing held for voting or at a special hearing that must be called within 15 days of the day the decision was made.

(RS Law: omits "of the day the decision was made")

2. If the Bankruptcy Court confirms the plan, a copy of the plan or a summary of its basic contents shall be served by the Court on the bankruptcy creditors who have filed their claims and on the secured creditors.

Article 178

Legal Remedy

The creditors and the bankruptcy debtor may appeal the decision confirming or rejecting the bankruptcy plan.

3. LEGAL EFFECT OF THE CONFIRMED PLAN AND SUPERVISION OF THE IMPLEMENTATION OF THE PLAN

Article 179

Basic Effects of the Plan

1. After the decision confirming the bankruptcy plan goes into effect, it becomes binding on all parties. When it is contemplated that certain rights in property are to be created, changed, transferred, or cancelled, or when shares in a limited liability corporation are to be transferred, the declarations of intention and of consent of the parties that represent an integral part of the plan shall be deemed to have been provided in a form prescribed by the law. This also applies to those declarations on liabilities that are covered by the decision and that concern the creation, change, transfer, or cancellation of rights in property or the transfer of shares and equity. These provisions also apply to the bankruptcy creditors who have not filed their claims, and also to the parties who have objected to the plan.
2. The decision on confirming the bankruptcy plan shall not affect rights that the bankruptcy creditors may have against the debtor's co-debtors and guarantors, nor shall it affect the rights of these creditors to property not included in the bankruptcy estate, or based on a notation related to such property. Nonetheless, based on this decision, the bankruptcy debtor shall be discharged of its obligations to co-debtors, guarantors, and other persons entitled to recourse, in the same way as to its creditors.
3. When a creditor's claims have been paid in excess of what he had the right to receive according to the bankruptcy plan, he is not obligated to refund the excess.

Article 180

Termination of the Provision to Extend Payments and Discharge of Debt

1. When, on the basis of the decision confirming the bankruptcy plan, payments to the bankruptcy creditors are extended or deferred, the extension or deferment shall no longer be binding on the creditors in relation to whom the bankruptcy debtor has been significantly late in consummating the confirmed plan. The bankruptcy debtor is deemed to be significantly late in consummating the plan if it has not made payment to satisfy a claim that has matured, although the creditor had previously notified the debtor to do so in writing, granting at least 15 days to fulfill the obligation.
2. If a new bankruptcy proceeding has been opened against the bankruptcy debtor's property before the full consummation of the bankruptcy plan, the extended deadlines for payment or the reduced percentage of payment on the claims shall no longer be binding on any of the creditors in the bankruptcy proceeding.

Article 181

Disputed Claims and Secured Debt

1. When a claim was disputed at the examination hearing, or when the amount of the claim of a secured creditor has not yet been determined, for the purposes of Article 180 of this law the debtor is not deemed to be late in implementing the reorganization plan if the debtor, at the final determination of the amount of the claim, provides for that claim to an extent consistent with the decision of the Bankruptcy Court on the right to vote of those creditors voting on the plan. If the Court has not yet rendered a decision on the voting rights of the creditors, on motion of the debtor or a creditor, the Court shall determine the extent to which the debtor must provisionally provide for these claims subsequently.

2. If the final determination of the amount of the claims reveals that the amount the bankruptcy debtor has paid is not enough, the debtor is obligated to pay the rest of the debt. In that event, the bankruptcy debtor is deemed significantly late in the implementation of the bankruptcy plan if the debtor has not paid the rest of the debt, although the creditor had made demand in writing, allowing at least 15 days to comply.

3. If the final determination of the amount of the claim reveals that the bankruptcy debtor has paid a greater amount than the amount claimed, the debtor may ask for a refund of the excess amount paid only if this excess exceeds the amount not yet due on the claim that this creditor is entitled to under the reorganization plan.

Article 182

Enforcement of the Decision Confirming the Bankruptcy Plan

1. Based on a final decision confirming the reorganization plan, the bankruptcy creditors whose claims have been recognized and not disputed by the bankruptcy debtor at the examination hearing may initiate enforcement proceedings against the bankruptcy debtor. The claims for which disputes have been resolved shall be treated as undisputed claims.

2. The provisions of Paragraph 1 of this Article also apply to compulsory execution against a third party, if the decision referred to in Paragraph 1 of this Article determines that the third party has provided a guarantee of implementation of the reorganization plan, unless the third party has reserved the right to object to the prior charge.

3. In the event of a significant delay in the bankruptcy debtor's implementation of a plan, a creditor may enforce its rights based on the decision confirming the plan and the decision establishing his claim in the bankruptcy proceedings, if he plausibly shows that the bankruptcy debtor has received proper notice from him and that the extended period of time given to the debtor has elapsed. The creditor is not required to prove that the bankruptcy debtor is late.

Article 183

Closing the Bankruptcy Proceeding

1. After the decision confirming the reorganization plan has gone into effect, the Bankruptcy Court shall render a decision closing the bankruptcy proceeding.
2. Before the closing of the bankruptcy proceeding, the bankruptcy trustee is required to pay the claims of the creditors of the bankruptcy estate, and to provide security for the disputed claims.
3. The Court shall announce the decision in which it has closed the bankruptcy proceeding, stating the grounds for closing the proceeding. The bankruptcy debtor, the bankruptcy trustee, and the members of the creditors' committee shall be given notice 15 days in advance of the effective date of the closing of the bankruptcy proceeding.

Article 184

Legal Effects of Closing the Bankruptcy Proceeding

1. The authority of the bankruptcy trustee and of the the creditors' committee ends by the decision of closing the bankruptcy proceeding, unless otherwise provided by this law. The bankruptcy debtor regains the right to freely to manage the bankruptcy estate.
2. The provision of Paragraph 1 of this Article does not apply to the provisions concerning supervision of the implementation of the reorganization plan.
3. When the bankruptcy trustee or a creditor has filed a lawsuit, pursuant to Article 85, Paragraph 2 of this law, to avoid any of the bankruptcy debtor's legally binding actions during the bankruptcy proceeding, he may continue with the lawsuit after the closing of the bankruptcy proceeding if the reorganization plan so provides. In this event, the lawsuit shall be conducted on the debtor's behalf, unless the plan provides otherwise.

Article 185

Supervision of the Implementation of the Plan

1. As a rule, the decision on confirmation of the reorganization plan may stipulate for supervision of the implementation of the plan.
2. If supervision has been provided for after the closing of the bankruptcy proceeding, the bankruptcy debtor's implementation of its obligations to the creditors shall be supervised in accordance with the decision under Paragraph 1 of this Article.
3. If provided for by the decision under Paragraph 1 of this Article, the supervision shall also include the claims of the creditors that, according to the decision, have claims against the legal entity created after the opening of the bankruptcy proceeding to assume or continue to operate the business or the physical plant of the bankruptcy debtor-successor entity.

Article 186

Rights and Obligations of the Bankruptcy Trustee

1. The bankruptcy trustee, the creditors' committee, and the Bankruptcy Court exercise supervision under Article 185 of this law in the manner provided by the reorganization plan. In that event, services of the bankruptcy trustee and of the creditors' committee shall not terminate after the closing of the bankruptcy proceeding.

(RS Law omits "from Article 185 of this law")

2. During the supervision, once a year, the bankruptcy trustee must submit reports on implementation of the plan to the creditors' committee, if such a committee has been appointed, and to the Court, describing the prospects for implementation of the plan. This does not affect the right of the creditors' committee and the Court to ask for specific information and other periodic reports at any time.

Article 187

Filing of the Claims

If the bankruptcy trustee establishes that the claims whose payment he is supervising have still not been paid or cannot be paid, he must, without delay, so inform the Bankruptcy Court and all creditors that, in accordance with the decision confirming the plan, have vested rights against the bankruptcy debtor or a successor entity.

Article 188

Legal Actions that Require Consent

The substantive section of the reorganization plan may provide that, in the course of the supervision, certain legal actions undertaken by the bankruptcy debtor or by the successor entity that assumes the debtor's business operations require prior consent of the bankruptcy trustee. The provisions of this law concerning the legal actions of the bankruptcy debtor taken after the opening of the bankruptcy proceedings without the trustee's consent shall apply to the bankruptcy debtor's legal actions taken without the trustee's consent.

Article 189

Loans

1. The substantive section of the reorganization plan may provide a lower priority for the bankruptcy creditors and a higher priority for the creditors whose claims arise from loans or from other loans issued during the supervision of the bankruptcy debtor or of the successor entity that takes over the debtor's business operations, or that the trustee of the bankruptcy estate has allowed during the supervision. In such instances, it is necessary to determine the total amount of the loans of that type (structure of loans). This amount should not exceed the value of the items of property listed in the inventory of the property.

2. The bankruptcy creditors referred to in Paragraph 1 of this Article may be paid only after the creditors with whom there is an agreement that the credit extended by them will be included in the credit structure, and also the amount for which it will be included, taking into account the principal, interest, and costs, and for whom the bankruptcy trustee has confirmed that agreement in writing.

Article 190

Lower Payment Priority of the Claims of the New Creditors

The creditors whose claims arise from a contract concluded during supervision shall have a lower priority than the creditors whose claims are based on loan issued in accordance with Article 189, paragraph 1 of this law. Claims arising from a continuing contractual relationship based on a contract signed before the supervision period are in the same position as during the first period of time in which the creditor was able to terminate after the beginning of supervision.

Article 191

Consideration of the Lower Payment Priority

1. The lower payment priority of the bankruptcy creditors and of the creditors described in Article 190 of this law shall be taken into consideration only in bankruptcy proceedings that are opened before the suspension of supervision.
2. In such a new bankruptcy proceeding, the creditors described in Paragraph 1 of this Article shall have priority over other creditors of a lower payment priority.

Article 192

Announcement of Supervision

1. The decision of the Bankruptcy Court that orders supervision of the implementation of a reorganization plan shall be announced together with the decision on the conclusion of the bankruptcy proceeding. In addition, the list of transactions subject to the prior consent of the trustee, the amount of estimated loan structure, and whether supervision of the successor to the debtor has been ordered shall also be announced, if the requirements of this law concerning these items have been met.
2. The information referred to in Paragraph 1 of this Article must be officially registered in the appropriate public registries.

Article 193

Termination of Supervision

1. The Bankruptcy Court shall make a decision in which it will terminate the supervision if:

1. the supervision involves claims that have been fully paid or for which appropriate assurances of payment have been provided; or

2. three years have elapsed since the closing of the bankruptcy proceeding, and there has not been a petition to open a new bankruptcy proceeding.

2. The decision indicated in Paragraph 1 of this Article shall be announced. In this decision the notations on supervision and any limitations in connection with supervision shall be deleted from the public registers.

Article 194

Expenses of Supervision

The bankruptcy debtor is responsible for the expenses of the supervision. The successor that has taken over the debtor's business activities is responsible for the expenses of its supervision.

VI. INTERNATIONAL BANKRUPTCY PROCEEDINGS

1. INTERNATIONAL JURISDICTION OF THE FBiH COURTS

Article 195

Exclusive International Jurisdiction

1. The courts of the FBiH have the exclusive jurisdiction over the implementation of the bankruptcy proceedings against bankruptcy debtors whose center of business activity is in the area of FBiH. It is presumed that the center of business operations of a bankruptcy debtor is in the locality that he has entered as his center. If it is proven that the center of business operations of a bankruptcy debtor is located abroad, while the locality he has entered as his center is within FBiH, the courts of the FBiH have exclusive jurisdiction over the conduct of bankruptcy proceedings against that bankruptcy debtor if, in accordance with the legal framework of the country in which the center of business operations of the debtor is located, the bankruptcy proceedings may not be opened in that country on the basis of the center of business activity.

2. The proceedings referred to in Paragraph 1 of this Article covers the entire property of the bankruptcy debtor, regardless of whether it is within FBiH or abroad (main bankruptcy proceedings).

3. If the locality the bankruptcy debtor entered as his center is located abroad, while the center of his business operations is within FBiH, the exclusive local jurisdiction in the bankruptcy proceeding is with the Bankruptcy Court on the area of which the center of business operations of the bankruptcy debtor is located.

(RS Law: Title of this Article is "Eclusive International Jurisdiction")

Article 196

International Jurisdiction Towards Business Units, i.e. Property of Foreign Bankruptcy Debtor in the FBiH

1. If the Court in the FBiH does not have the jurisdiction pursuant to the provision of Article 195, Paragraph 1 of this law, then that court has the jurisdiction over the conduct of the bankruptcy proceeding if it has a business unit that does not have the status of a legal entity in the FBiH.

2. If neither the center of business operations nor a business unit of the bankruptcy debtor are located within the FBiH, but only the property of the debtor is located in the FBiH, it is possible to open bankruptcy proceedings in the FBiH in the following cases:

1. when a bankruptcy proceeding may not be opened in the country in which the center of business operations of the bankruptcy debtor is located, due to the conditions envisaged by the bankruptcy legislation of the country, although there is a reason for bankruptcy,

2. when, according to the legal framework of the country in which the center of business operations of the bankruptcy debtor is located, the bankruptcy proceeding covers only the property of the bankruptcy debtor that is located in that country,

3. when the opening of the bankruptcy proceedings in the FBiH is proposed on the basis of Article 233 of this law,

4. when the opening of a special bankruptcy procedure in the FBiH is proposed within the proceedings for the recognition of a foreign decision on the opening of the bankruptcy procedure.

3. The conduct of the proceeding referred to in Paragraph 1 and Paragraph 2 Items 1, 2, and 3. of this Article is the responsibility of the Bankruptcy Court in the area of which the business unit of the bankruptcy debtor is located, and, if the bankruptcy debtor does not have a business unit in the FBiH, then it is the responsibility of the Bankruptcy Court in the area of which the property of the bankruptcy debtor is located. If more than one Bankruptcy Court would be granted local jurisdiction, then the proceedings are implemented by the Court in which the petition for the opening of the bankruptcy proceedings was filed first.

4. The procedure referred to in Paragraphs 1 and 2 of this Article covers the property of the bankruptcy debtor that is situated in the FBiH only (special bankruptcy proceedings).

5. If a bankruptcy proceeding has already been opened in the country in which the center of business operations of the bankruptcy debtor is located, then, in the event of the opening of the bankruptcy proceeding on the basis of paragraph 1, i.e. Paragraph 2 of this Article, the Court shall not investigate the existence of the reason for bankruptcy.

2. GENERAL PROVISIONS

Article 197

Basic Principle

The bankruptcy proceeding and its legal effects are determined in compliance with the legal framework of the state in which the proceedings are opened, unless the following provisions of this law stipulate otherwise.

Article 198

Rights to Separate Recovery and Secured Rights

1. Concerning the rights to separate recovery and rights of secured claims over the assets located within the state of the recognition of a foreign decision on the opening of the bankruptcy proceedings, the regulations of the state of recognition shall apply, if these assets were not, at the moment of the opening of the foreign bankruptcy proceeding, located in the territory of the state initiating these proceedings.
2. If the rights over the assets were entered into a public registry, it is considered that the asset is located within the state in which the public registry is kept.

Article 199

Labor Contract

Concerning the legal effects of the bankruptcy proceedings on labor contracts and labor relations, the exclusive competency is given to the bankruptcy legislation of the state which has competency over the labor contract.

Article 200

Inclusion

A creditor is allowed to keep what he has received in the special bankruptcy proceeding opened in another state covering the property of the bankruptcy debtor located in that other state only. The received amount shall, after a deduction of the costs which the creditor had when he executed the satisfaction in that special bankruptcy proceedings, calculated in the bankruptcy quota which belongs to the creditor in the main; bankruptcy proceeding. That inclusion shall not happen if the creditor has achieved a partial satisfaction of the claims in the special bankruptcy proceeding as a creditor with the right to separate satisfaction of the claims or on the basis of an allowed Setting off.

Article 201

Cooperation of Bankruptcy Trustees

1. The bankruptcy Trustee of a bankruptcy proceeding opened in the FBiH and the bankruptcy Trustee of the bankruptcy proceeding opened in another state over the same bankruptcy debtor shall cooperate with each other.

They are under an obligation to present each other with all legally allowed information that may be of importance to the conduct of these proceedings.

2. The bankruptcy Trustee of the main bankruptcy proceeding opened in the FBiH is required to register a claim, registered in that procedure, in the foreign bankruptcy procedure, too, if that is requested of him by a creditor and if the creditor authorizes him to do so.

3. PREREQUISITES AND PROCEEDINGS OF THE RECOGNITION OF A FOREIGN DECISION ON THE OPENING OF A BANKRUPTCY PROCEEDING

Article 202

Application of General Rules on the Recognition of Foreign Court Decisions

General rules of the legal framework of FBiH on the recognition of foreign court decisions apply accordingly to the recognition of foreign decisions on the opening of bankruptcy proceedings, unless the provisions of this law stipulate otherwise.

Article 203

Local Jurisdiction and the Composition of the Court

1. The proposal for the recognition is filed to the commercial court in the area of which the business unit of the bankruptcy debtor in the FBiH is located, and, if the bankruptcy debtor does not have a business unit within the FBiH, to the commercial court in the area of which certain property of the bankruptcy debtor is located.

2. If the bankruptcy debtor has business units in the area of various Bankruptcy Courts or if his property is located in the area of various Bankruptcy Courts, the local jurisdiction for issuing the decision on the recognition is given to the court to which the petition for the opening of the bankruptcy proceeding was filed first.

3. If the property of the bankruptcy debtor in the FBiH consists of claims, it shall be considered that the claims of the bankruptcy debtor are located in the location which is the center, i.e. place of residence of the debtors of the bankruptcy debtor.

4. The recognition of a foreign decision on the opening of the bankruptcy proceedings, and also the opening of a bankruptcy procedure in the FBiH, on the basis of a foreign decision, is decided on by the Bankruptcy Court.

Article 204

Petition for the Recognition of a Foreign Decision on the Opening of a Bankruptcy Proceeding

1. The petition for the recognition of a decision of a foreign court or of some other responsible institution on the opening of a bankruptcy procedure may be filed by the foreign bankruptcy Trustee or a creditor of the bankruptcy debtor.

2. Along with the petition for the recognition of a foreign decision on the opening of a bankruptcy proceedings, the following should be attached:

1. the original or an authorized copy of the decision, and also an authorized translation to one of the official languages,

2. certificate of the enforceability of the decision issued by the responsible foreign institution,

3. the list of known property of the bankruptcy debtor in the FBiH, and also the list of his creditor with relevant proofs.

(In Paragraph 2 of the RS Law these items 2 and 3 are merged into one)

3. The Court shall refuse any petition that does not include the attachments referred to in Paragraph 2 of this Article, unless the deficiencies are corrected within an appropriate period of time.

Article 205

Prerequisites for the Recognition of a Foreign Decision on Opening a Bankruptcy Proceeding

1. A foreign decision on the opening of a bankruptcy proceeding shall be recognized if:

1. if it was made by a Court, i.e., an institution, which, according to the legal framework of the FBiH, has international jurisdiction,

2. if it is enforceable according to the legal framework of the state in which it was made,

3. if its recognition would not be in contradiction to the public structure of the FBiH.

2. The petition for the recognition of a foreign decision shall be refused by the Court if, in the event of an objection of a bankruptcy debtor or any other participant in the proceedings, it ascertains that the act which opened the proceedings was not submitted to the bankruptcy debtor in compliance with the law of the state in which the decision was made and if his fundamental rights to take part in that proceeding and to defend himself were infringing.

3. A foreign decision on the opening of a bankruptcy proceeding shall be recognized in accordance to Paragraph 1, item 2 of this Article even if it is not legally enforceable.

(RS Law omits "in accordance to Paragrah 1, item 2 of this Article")

Article 206

Ascertaining Provisional Measures and The Prohibition of Execution and Protective Measures

1. As soon as the petition for the recognition of a foreign decision is filed, the Bankruptcy Court can ascertain measures of safeguarding, i.e. appoint an interim bankruptcy trustee pursuant to the provisions of this law on the preliminary proceedings.
2. After the announcement is put on the notice board of the Court pursuant to Article 207 Paragraph 1 of this law it is not possible, while the proceedings for recognition are ongoing, to open a law-suit proceeding, or the proceeding of the execution or protection measures in which the bankruptcy debtor is one of the parties. Lawsuits, and also the proceedings of execution or safeguarding which were ongoing are suspended at the point the announcement is made.
3. As an exception of Paragraph 2 of this Article the preferential rights creditors and the separation creditors referred to in Article 198 of this law may open, i.e. continue an interrupted executive proceeding, even during the procedure of recognition, in order to achieve their requests, i.e. their claims against a foreign bankruptcy debtor, but only under the condition that the foreign bankruptcy trustee is in agreement with that.
4. The Bankruptcy Court in its official capacity ensures that the petition for the recognition of a foreign decision on the opening of a bankruptcy procedure, and also the decision on provisional measures, i.e. on the appointment of an interim bankruptcy trustee is entered at once into public registries, i.e. in public ledgers.

Article 207

Announcement Concerning the Petition for Recognition

1. After it receives a petition for recognition, the Bankruptcy Court shall, forthwith, publish a notice in the "Official gazette of the FBiH", and also on the notice board of the Court, on which the following shall be stated:
 1. information on the Court that is publishing the notice, together with the case number,
 2. information on the foreign decision of which recognition is requested, and its important contents,
 3. information on the foreign bankruptcy trustee and also information on the decision on his appointment, unless he was appointed by a decision on the opening of the bankruptcy proceedings,
 4. an invitation to the creditors, to the foreign bankruptcy debtor and to all other parties who have a legal interest to register their claims with the Bankruptcy Court within 30 days from the day the announcement is published in the "Official Gazette of the FBiH",

and also to submit a statement on the existence of the prerequisites for the recognition of the foreign decision, and also on potential difficulties concerning the satisfaction of the claims in the foreign bankruptcy proceedings.

2. Petition for recognizing a foreign decision and publicized announcement referred to in Paragraph 1 of this Article shall be submitted by the Bankruptcy Court to the foreign bankruptcy debtor, and also to those creditors whose residence, i.e., seat in the FBiH, is known.

(RS Law: "Written information containing report on petition for recognition which is considered, and information and invitation referred to in Paragraph 1 of this Article shall be submitted by the Bankruptcy Court to the foreign bankruptcy debtor...")

Article 208

Examination of the Prerequisites for the Recognition

1. When deciding on the petition for the recognition the Court shall limit itself to examining whether the prerequisites for the recognition, listed in Article 205, Paragraphs 1 and 2 of this law, are fulfilled. The Court may request necessary explanation from the institutions whose decision is being recognized, and also from the participants in the proceedings.

2. The Bankruptcy Court may give a hearing to persons who oppose the recognition within their filing.

3. The Bankruptcy Court shall pay special attention to the necessity of urgent decision making on the request for the recognition.

Article 209

Decision on the Recognition

1. The decision on the recognition of a foreign decision on the opening of a bankruptcy proceeding has the same effect, within the circle of the persons it affects, as a decision of a Court within the FBiH on the opening of bankruptcy proceedings.

2. Within the decision referred to in Paragraph 1 of this Article, the Court shall state the effects which the recognized foreign decision has.

3. When, as a legal effect of a decision on the recognition of a foreign decision on the opening of a bankruptcy proceeding, the opening of a bankruptcy proceeding in the FBiH is ascertained, the decision on the recognition has the legal effect of the opening of the bankruptcy proceeding at the same time.

4. Announcement on the recognition of a foreign decision on the opening of a bankruptcy proceeding shall be published in the "Official Gazette of the FBiH". The Announcement shall also be published by its appearance on the notice board of the Court.

5. The decision from Paragraph 1 of this Article is submitted to the petitioner, to the foreign bankruptcy trustee, to the bankruptcy debtor, to legal entities which execute payment system transactions for the bankruptcy debtor, and also to the state prosecutor's office. The decision shall also be submitted to the institutions responsible for keeping public registers, i.e. public ledgers, which will officially, on the basis of the submitted decision, note the recognition of the foreign decision on opening the bankruptcy proceeding.

(RS Law omits "from Paragraph 1 of this Article" and writes "The decision on recognition...")

Article 210

Appeal Against the Decision on the Recognition

1. The foreign bankruptcy debtor, the foreign bankruptcy trustee and the creditors have the right to appeal against the decision on the recognition of a foreign decision on the opening of a bankruptcy proceeding.
2. An appeal of the decision on the recognition does not postpone the effect of the decision.

Article 211

Recognition of a Foreign Decision on the Opening of a Bankruptcy Proceeding as a Prior Issue

1. If a separate decision has not been made on the recognition of a foreign decision on the opening of a bankruptcy proceeding, each and every Court may decide on the recognition of that decision, as a prior issue, within the proceedings, but it has effects on these proceedings only.
2. The legal effects of the recognition of a foreign decision on the opening of a bankruptcy proceeding enter into force on the day the decision which decided on such recognition, as a prior issue, is made. In other instances, the legal effects are ascertained by appropriate application of Articles 213 to 218 of this law.

4. LEGAL EFFECTS OF THE RECOGNITION OF A FOREIGN DECISION ON THE OPENING OF A BANKRUPTCY PROCEEDING

4.1. Recognition after the Opening of a Bankruptcy Proceeding in the FBiH

Article 212

Recognition of a Foreign Decision in a Case when a Bankruptcy Proceedings Was First Opened in Federation

1. A foreign decision on the opening of a bankruptcy proceeding that fulfils the prerequisites for recognition according to Article 205 of this law shall be recognized even if before the filing of the petition for the recognition, a bankruptcy proceeding was opened against the debtor in the FBiH pursuant to the provision of Article 194 Paragraph 1 or 2 of this law.

2. A recognized foreign decision on the opening of a bankruptcy proceeding produces the effects stipulated by the provisions of Articles 221 to 225 of this law. The foreign bankruptcy trustee may not dispute the claims which were already approved in the proceedings in the FBiH opened earlier. If, on the day the petition for the recognition of a foreign decision on the opening of the bankruptcy procedure was filed, the deadline of fifteen days from the day of the public announcement of the first distribution list in the bankruptcy proceedings in the FBiH had already passed, the distribution in the bankruptcy proceeding in the FBiH shall not be enforced on the basis of the decision on the distribution made in the foreign bankruptcy procedure.

4.2. Recognition without the Consequence of Opening a Bankruptcy Proceeding in the FBiH

Article 213

General Rule

1. Legal effects of a foreign decision on the opening of a bankruptcy proceeding are ascertained in compliance with the legal framework of the state in which the procedure was opened, unless they are in contrast with the basic principles of the bankruptcy legislation of the FBiH and unless this law stipulates otherwise.

2. Legal effects of a recognized foreign decision are in force from the day the decision on the recognition is announced on the notice board of the Court pursuant to Article 209 paragraph 4 of this law.

Article 214

Execution and safeguarding

1. The satisfaction executed by an enforcement proceeding in the FBiH / FBiH during the period between the day the foreign bankruptcy proceeding was opened and the day the announcement on the petition for the recognition of the foreign decision on the opening of a bankruptcy proceeding was announced on the notice board according to Article 207 paragraph 1 of this law, and also the rights to separate satisfaction of the claims, obtained through an enforcement procedure or a safeguarding procedure in the FBiH during that period, lose their legal effect.

2. In case the legal effect is lost, pursuant to Paragraph 1, the creditor is required to transfer to the bankruptcy trustee all that he acquired on that basis, after a deduction of

the costs which incurred for his in the executive proceeding, i.e. safeguarding proceeding.

3. Paragraphs 1 and 2 of this Article apply to enforceable satisfaction, i.e. rights to separate satisfaction of the claims incurred in the procedure of the enforcement or in the safeguarding procedure, of the creditors listed in Article 198 and Article 220 paragraph 1 of this law.

4. Paragraphs 1 and 2 of this Article do not apply if more than a year has passed between day the foreign bankruptcy proceeding was opened and the day the announcement on the petition for the recognition of the foreign decision on the opening of a bankruptcy proceeding was announced on the notice board according to Article 207 Paragraph 1 of this law.

Article 215

Management of the Bankruptcy Debtor

1. The management activities of the bankruptcy debtor, which were undertaken during the period between the day the foreign bankruptcy proceeding was opened and the day the decision on the recognition of the foreign decision on the opening of a bankruptcy proceeding was announced on the notice board according to Article 209 Paragraph 4 of this law, lose their legal effect if they are contradictory to the interests of the creditors of the bankruptcy debtor, and it is proven that the opposing party knew or must have known at the moment the management activities of the bankruptcy debtor were undertaken that a bankruptcy proceeding had been opened against him abroad. The opposing party has the right to counter-action from the foreign bankruptcy estate, if it increased the value of the bankruptcy estate.

2. If the management activities of the bankruptcy debtor followed after the announcement on the petition for the recognition was published in the "Official Gazette of the FBiH" pursuant to Article 207 Paragraph 1 of this law it shall be considered that the opposing party knew or must have known at the moment the management activities of the bankruptcy debtor were undertaken that a bankruptcy proceeding had been opened against him abroad.

3. The management activities of the bankruptcy debtor undertaken after the opening of a foreign bankruptcy proceeding do not lose their legal effect if general rules on the protection of confidence in public ledgers apply to them. These management activities may be subject to avoidance according to the legal framework of the state that is competent for avoidance.

Article 216

Services in Favor of the Bankruptcy Debtor

1. A person who has a center of business operations, i.e. residence, in the FBiH, who is a debtor of a foreign bankruptcy debtor, is required to inform the foreign bankruptcy

trustee on the existence of his liability and on the time of its maturity at once, as soon as he finds out of the proceedings abroad.

2. Such a person is authorized to fulfill his mature liability directly with the foreign bankruptcy debtor, if eight days have passed since the day the information to the foreign bankruptcy trustee was sent, and the Court of the FBiH has not, until that moment, ascertained the safeguarding measures or appointed the interim bankruptcy trustee, pursuant to Article 206 paragraph 1 of this law. Potential costs of the delay in satisfying the matured liability are considered as costs of the bankruptcy estate.

3. If the liability is fulfilled directly with the foreign bankruptcy debtor during the period between the day the foreign bankruptcy proceeding was opened and the day the decision on the recognition of the foreign decision on the opening of a bankruptcy proceeding was announced on the notice board according to Article 209 Paragraph 4 of this law, but without informing the foreign bankruptcy trustee of the existence of the liability, the person referred to in Paragraph 1 of this Article shall not be exempt from his liability, if it is proven that at the moment of the direct fulfillment of the liability with the foreign bankruptcy debtor he knew or must have known that a bankruptcy proceeding had been opened against that debtor abroad.

4. If the liability was fulfilled directly with the foreign bankruptcy debtor after the announcement on the petition for the recognition was published in "Official Gazette of the FBiH" pursuant to Article 207 Paragraph 1 of this law, it shall be considered that the debtor of the bankruptcy debtor knew or must have known that a bankruptcy proceeding had been opened against the debtor abroad.

Article 217

Setting off

1. Setting off is not allowed, if the claim was ceded during the period of time between the day the foreign bankruptcy proceeding was opened and the day the decision on the recognition of the foreign decision on the opening of a bankruptcy proceeding was announced on the notice board according to Article 209 Paragraph 4 of this law, and it is proven that the new cession creditor knew or must have known, at the moment of the ceding, that a bankruptcy proceeding had been opened against the debtor abroad.

2. If the claim was ceded after the after the announcement on the petition for the recognition was published in the "Official Gazette of the FBiH" pursuant to Article 207 Paragraph 1 of this law, it shall be considered that the new creditor (cession holder) knew or must have known, at the moment of ceding, that a bankruptcy proceeding had been opened against the debtor abroad.

Article 218

Privileged claims, Creditors with the Right to Separate Recovery and Secured Creditors

1. The recognition of a foreign decision on the opening of the bankruptcy proceeding does not affect the right of the creditors to settle their claims listed in Article 220 Paragraph 1 Items 1 and 2 of this law, in the full amount, if the portion of the property of the bankruptcy debtor which is not subject to the rights of third parties, and which, at the moment the decision on the recognition is announced on the notice board, pursuant to Article 209, Paragraph 2, is located in the FBiH, is sufficient.

2. In order for their rights to be exercised and safeguarded, the creditors referred to in Paragraph 1 of this Article are authorized, even after the recognition of a foreign decision on the opening of a bankruptcy proceeding, to open law suits, and also the proceedings of execution and safeguarding, against the debtor's property.

3. Secured creditors and creditors with the right to separate recovery referred to in Article 198 of this law are authorized to open lawsuits, and also proceedings for execution and safeguarding the FBiH, under the conditions they could open them under had the bankruptcy proceeding been opened in the FBiH.

4. The executive Court shall, upon a petition of the foreign bankruptcy trustee, stay the executive proceedings referred to in paragraph 2 of this Article if that is necessary for the satisfaction of the creditors of the bankruptcy debtor to be achieved at a higher bankruptcy quota. The stay may last up to three months, with a possibility of a new stay being set, but, until the first distribution in the foreign bankruptcy proceeding at the latest. The executive Court may, at any time, upon a proposal of the creditor or of the foreign bankruptcy trustee, revoke the stay, if there are no conditions for it to exist any more.

4.3. Recognition with the Consequence of Opening the Bankruptcy Proceeding in the FBiH

Article 219

Recognition of a Foreign Decision with The Consequence of Opening the Bankruptcy Proceeding in the FBiH

1. Within the petition for the recognition of a foreign decision on the opening of a bankruptcy proceeding the foreign bankruptcy trustee or a creditor may request the opening of a bankruptcy proceeding in the FBiH, as the immediate legal effect. The foreign bankruptcy trustee may also request the opening of a special bankruptcy proceeding in the FBiH in a filing with the Bankruptcy Court, too, within 15 days from the day the written information referred to in Article 205, Paragraph 2 of this law is received. A creditor may also request the opening of that proceeding in a filing which is sent to the Bankruptcy Court on the basis of Article 207, Paragraph 1, Item 4 of this law.

2. In a case referred to in Paragraph 1 of this Article, the legal effects are governed by the bankruptcy legislation of the FBiH, exclusively, except if Articles 197 to 201 and 220 to 225 explicitly stipulate otherwise. Articles 214 to 217 of this law apply to this case accordingly.

(Wording in RS Law "In that case...")

4.4. Opening a Special Bankruptcy Proceeding in the FBiH as a Consequence of the Recognition of a Foreign Decision on the Opening of a Bankruptcy Proceeding

Article 220

Opening a Bankruptcy Proceeding in the FBiH upon a Petition of a Creditor

1. The Court shall open a domestic bankruptcy proceeding on each and every petition of:

1. the Institute for Health Insurance and the Institute for Pension Insurance, for claims which are, in compliance with the law, obligatorily separated from the earnings, i.e. wages, and also the institutions of the FBiH and its units of local self-governance and administration for claims on the basis of taxes and other claims which constitute the revenues for the budget,

(RS Law omits words "and the Institute for Pension Insurance")

2. the employees of the bankruptcy debtor with regular job positions in the FBiH.

2. The Court shall open a bankruptcy proceeding in the FBiH upon a petition of the creditor, who is not among the creditors referred to in Paragraph 1 of this article, only if the creditor makes it plausible that the satisfaction of his claim in the foreign bankruptcy proceeding would be connected to special difficulties.

3. As an exception to the provisions of Paragraphs 1 and 2 of this Article, in order for the as equitable and as full as possible satisfaction to be achieved at the international level, the Bankruptcy Court shall not open a bankruptcy proceeding in the FBiH if it determines that the opening of that proceeding would be economically inadequate, taking into account the size of the claims of the creditors referred to in Paragraphs 1 and 2 of this Article. In making the assessment the Court may consult the foreign bankruptcy trustee.

Article 221

Authorities of the Foreign Bankruptcy Trustee

1. Besides the bankruptcy trustee of the special bankruptcy proceeding and the creditors which participate in it, the foreign bankruptcy trustee may exercise avoidance of the registered claims, also.

2. The right to avoidance of the legal actions of the bankruptcy debtor in bankruptcy proceedings in the FBiH, according to the rules of the bankruptcy regulation of the FBiH, belongs to the foreign bankruptcy trustee, also.

3. The costs of the foreign bankruptcy trustee which incur in connection with performing the authorities referred in Paragraphs 1 and 2 of this Article are not considered as the costs of the bankruptcy proceeding in the FBiH.

Article 222

Satisfaction of the Creditors

1. After the payment of the costs and other liabilities of the bankruptcy estate, of creditors with the right to separate recovery and secured creditors, and also the creditors referred to in Article 220, Paragraph 1 of this law, the remaining bankruptcy estate shall be distributed among the creditors pursuant to the decision on the distribution, which shall be approved by the Bankruptcy Court on the basis of the decision on the distribution or some other equivalent decision rendered in the foreign bankruptcy procedure. If, in the drafting of the foreign decision or the distribution basis the claims registered in the bankruptcy procedure in the FBiH were not taken into account, the Bankruptcy Court shall distribute the remaining bankruptcy estate between the creditors, whose claims were registered in the bankruptcy proceeding in the FBiH, taking into account, in that, the extent to which they were taken into account, individually, at the distribution of the bankruptcy estate in the foreign bankruptcy proceeding.

2. When distributing the remaining bankruptcy estate, the Bankruptcy Court shall not take into account the foreign decision on the distribution if the distribution envisaged in that is the result of the application of the rules which are in contrast to the public structure of the FBiH. The same applies to the case in which the foreign decision on the distribution is not given to the Bankruptcy Court within the deadline it has prescribed.

3. The bankruptcy estate remaining after the satisfaction of the creditors pursuant to the previous provisions of this Article shall be given to the foreign bankruptcy trustee at once.

4. If the bankruptcy estate is not sufficient for the satisfaction of the registered claims in the bankruptcy proceeding in the FBiH pursuant to Paragraphs 1 and 2 of this Article, the creditors may settle the unsettled part of their claims in the foreign bankruptcy proceeding only, pursuant to the rules of the foreign bankruptcy legislation.

Article 223

Special Bankruptcy Proceeding in a Third Country

1. If a creditor settles his claims partially in a special bankruptcy proceeding which was opened against the bankruptcy debtor in some third country, and which covered the property of the bankruptcy debtor in that third country only, he may keep what he has acquired. The received amount shall, after a deduction of the costs that the creditor had in the execution of the satisfaction in that special bankruptcy procedure, be calculated into the bankruptcy quota, which belongs to that creditor in the special bankruptcy proceeding in the FBiH. That inclusion shall not happen if the creditor has achieved a partial satisfaction of the claims in the special foreign bankruptcy proceeding as a creditor with the right to separate satisfaction of the claims or on the basis of an allowed setting off.

2. The provisions of Paragraph 1 of this Article shall also apply when the creditor has settled his claims partially by an executive proceeding in a third country.

Article 224

Registration of Claims in a Foreign Bankruptcy Proceeding

1. The bankruptcy trustee of a special bankruptcy proceeding opened in the FBiH is required to register a claim, registered in that procedure, in the foreign bankruptcy procedure, too, if that is requested of him by a creditor and if the creditor authorizes him to do so.
2. The domestic bankruptcy trustee is authorized to exercise the voting right in the foreign main bankruptcy proceeding on the basis of claims registered in the special bankruptcy proceeding in the FBiH, if the creditor to whom that claim belongs to is not participating in the voting.

Article 225

Cooperation of Bankruptcy Trustees

1. Besides the mutual exchange of information pursuant to Article 201 of this law, the bankruptcy trustee of the special bankruptcy proceeding in the FBiH is required to enable the bankruptcy trustee of the foreign main bankruptcy proceeding to give an opinion on the method of the liquidation of the property of the bankruptcy debtor which is covered by the domestic special bankruptcy proceeding.
2. The reorganization plan of the special bankruptcy proceeding in the FBiH shall be submitted to the Bankruptcy trustee of the foreign main bankruptcy proceeding. He also has the right to propose the reorganization plan of the special bankruptcy proceeding himself.

5. NON – RECOGNITION OF A FOREIGN DECISION ON THE OPENING OF BANKRUPTCY PROCEEDINGS

Article 226

Refusal of the Petition for the Recognition

1. If it refuses the petition for the recognition, the Bankruptcy Court shall, upon a petition of the creditor or of the bankruptcy debtor, open a bankruptcy proceeding in the FBiH, if it is necessary for the more equitable satisfaction of all the debtor's creditors.

(RS Law omits words "foreign decision on opening of the bankruptcy proceeding")

2. The petition referred to in Paragraph 1 of this Article may be filed within the deadline of eight days from the day the decision on the refusal of the petition for the recognition is announced on the notice board of the Court and in the "Official Gazette of the FBiH". That petition may be already contained in the filing which is forwarded to the Bankruptcy Court on the basis of Article 207 paragraph 1 Item 4 of this law.

3. The bankruptcy proceeding referred to in Paragraph 1 of this Article covers the property of the bankruptcy debtor which is located in the F BiH, only.

Article 227

Appeal

1. The foreign bankruptcy debtor, the foreign bankruptcy trustee and the creditors have the right to appeal against the decision which refuses the petition for the recognition of the foreign decision on the opening of a bankruptcy proceeding.

2. The appeal does not postpone the effect of the decision.

Article 228

Petition for Opening Bankruptcy Procedure when the Foreign Decision on the Opening of the Bankruptcy Procedure may not be Recognized

1. Each and every creditor, and also the bankruptcy debtor, is authorized to ask for the bankruptcy proceeding to be opened in the F BiH, regardless of the main bankruptcy proceeding being opened in another state, if the conditions for the petition for the recognition of the foreign decision on the opening of a bankruptcy procedure to be refused are fulfilled.

2. The Court shall allow the opening of a bankruptcy proceeding in the F BiH in the case referred to in Paragraph 1 of this Article if it is required by the principle of equitable satisfaction of all the debtor's creditors.

3. When making the decision on opening the bankruptcy proceeding referred to in Paragraph 1 of this Article, the Bankruptcy Court shall decide on the lack of the possibility for the foreign decision on the opening of a bankruptcy proceeding to be recognized, as it decides on the previous issue, too.

4. The bankruptcy proceeding referred to in Paragraph 1 covers the property of the bankruptcy debtor which is located in the F BiH, only.

6. FOREIGN COMPULSORY AGREEMENT AND OTHER BANKRUPTCY PROCEDURES

Article 229

Foreign Decision on the Approval of Compulsory Payment or of a Foreign Reorganization Plan

The provisions of this law related to the recognition of a foreign decision on the opening of a bankruptcy proceeding shall apply accordingly to the recognition of a foreign decision on the approval of compulsory payment or of a reorganization plan, and also the recognition of a foreign decision made in any other similar proceeding.

VII. PUNITIVE PROVISIONS

Article 230

1. The responsible person of the bankruptcy debtor shall be fined with a monetary penalty in the amount between 500 KM and 1.700 KM, if:

1. he does not submit the petition for opening the bankruptcy proceeding (Article 4 Paragraph 2);

2. he does not submit all necessary records to the bankruptcy trustee or does not assist him in his work (Article 62 Paragraphs 3 and 4);

3. he does not submit comprehensive and correct data to the stipulated subjects (Article 10 Paragraph 1);

4. he does not enable the Bankruptcy Judge to review the business records or if he does not file such records upon a request of the Bankruptcy Judge (Article 14 Paragraph 2).

2. Members of the management and of the supervisory board of the bankruptcy debtor shall be fined with monetary penalties of between 200 KM and 1.500 KM for the misdemeanors referred to in Paragraph 1 of this Article, and in connection with Article 63 of this law.

Article 231

The interim bankruptcy trustee shall be fined with a monetary penalty of between 500 KM and 1.500 KM, if:

1. he does not secure the assets and the protection of it (Article 16 Paragraph 1);

2. he is not taking care of the execution of the debtor's claims in compliance with Article 16 Paragraph 4 of this law;

3. he does not render accountings and does not submit the report on his work during the period of preliminary administration (Article 16 Paragraph 8);

4. he does not sign for insurance of accountability with an insurance underwriter (Article 20 and 26 Paragraph 2).

Article 232

The bankruptcy trustee shall be fined with a monetary penalty of between 200 KM and 1.500 KM, if:

1. he does not make a detailed list of the bankruptcy estate, the list of all creditors of the bankruptcy debtor of whom he has been informed from the business records (Article 25 Paragraph 2);

2. he does not keep business ledgers, he does not make the initial balance sheet of the property of the debtor (Article 25 Paragraph 3);

3. he does not submit necessary reports to the authorized bodies (Article 25 Paragraph 3);

4. he does not take care of the execution of the debtor's claims, or does not undertake measures to liquidate the property of the debtor (Article 25 Paragraph 1);

5. he does not file information on the actual state and management upon a request of the Bankruptcy Judge (Article 27);

6. he does not sign for insurance of accountability with an insurance underwriter (Article 26 Paragraph 2).

VIII. TRANSITIONAL AND FINAL PROVISIONS

Article 233

Bankruptcy proceedings which were opened before this law came into effect shall be concluded pursuant to the regulations in effect before the day this law came into effect, if the decision on the opening of the bankruptcy proceeding has been made and if the bankruptcy trustee has assumed his duties according to the provisions of the previous law.

Article 234

Legal actions undertaken by the debtor before this law came into effect shall be avoidable pursuant to the provisions of this law, if they were not excluded from avoidance pursuant to the provisions of the Law on Bankruptcy and Liquidation.

(Instead of "Law on Bankruptcy and Liquidation" the RS Law inserted "Law on Enforced Satisfaction, Bankruptcy and Liquidation")

Article 235

1. In bankruptcy proceedings opened by a petition of the State Payment Bureau FBiH, which were not opened and in which the interested parties have not undertaken any actions for the purpose of continuing the proceeding within the last three (3) years before the day this law is adopted, the Court shall invite, by an announcement published in the "Official Gazette of the FBiH", all interested parties to take over the proceedings within 30 days from the day of the announcement, and the costs of the announcement shall be advanced from the budget.

2. If the interested parties request in written form that the proceedings be instituted, the Court shall continue with the proceeding, and shall treat the interested parties as the petitioner under Article 4 of this law.

3. If no interested parties file a petition for the institution of the proceedings within the time provided, the Court shall dismiss the proceedings.

Article 236

1. The Act on the curriculum and the method of passing the expert examination for bankruptcy trustees shall be adopted by the Minister of Justice within 60 days of the day this law goes into effect.

2. The implementation of the provision of Article 23, Paragraph 2, of this law shall begin six months from the day the Act referred to in Paragraph 1 of this Article goes into effect.

Article 237

1. The regulation on the fees and compensation for experts, interim bankruptcy trustees, bankruptcy trustees, and members of the creditors' committee shall be adopted by the Minister of Justice within 3 months of the effective date of this law, and the amount of the fees, i.e., compensation, shall be determined by the Bankruptcy Judge in a decision, taking into account the scope of the activities and the value of the particular bankruptcy estate.

2. The bankruptcy trustee, the bankruptcy debtor, and the creditors' committee, and also each and every creditor, have the right to appeal the decision referred to in the previous Paragraph.

Article 238

On the effective date of this law, the Law on Enforced Payment, Bankruptcy, and Liquidation ("Official Gazette of FBiH", number 23/98) is repealed.

(RS Law: "On the effective date of this law, the Law on Enforced Payment, Bankruptcy, and Liquidation ("Official Gazette of SFRJ", number 84 /89), that has been applied in the Republic of Srpska based on Article 12 of the Constitutive Law on implementation of the RS Constitution ("Official Gazette of the RS", number 21/92), is repealed.

Article 239

This law is effective on the next day after the day it is published in the ("Official Gazette of the FBiH").

(RS Law: "This law is effective on the eight day after the day it is published in the "Official Gazette of the RS" and is enforceable starting January 01, 2003).