THE LAW

ON BANKRUPTCY

("Off. Herald of the Republic of Serbia", Nos. 104/2009, 99/2011 - other law, 71/2012 - Decision of the Constitutional Court, 83/2014, 113/2017, 44/2018 and 95/2018)

I GENERAL PROVISIONS

1. Scope

Article 1

This Law shall govern the manner and conditions of initiating and conducting bankruptcy proceedings against legal entities.

Bankruptcy proceedings, within the meaning of this Law, shall be [compulsory] liquidation and reorganisation.

Liquidation shall mean creditor satisfaction out of the value of entire assets of the bankruptcy debtor, or the sale of the debtor as a legal entity.

Reorganisation shall mean creditor satisfaction accomplished under the adopted plan of reorganisation by redefining relations between the debtor and the creditor or the debtor's legal status, or in another manner provided for in the plan.

2. Aim of Bankruptcy

Article 2

The aim of bankruptcy shall be to ensure the most favourable collective settlement of bankruptcy creditors by achieving the highest possible value for the bankruptcy debtor or its assets.

3. Principles of Bankruptcy

Principle of Protection of Bankruptcy Creditors

Article 3

Bankruptcy shall ensure the collective and proportional settlement of bankruptcy creditors in accordance with this Law.

Principle of Equality

Article 4

Bankruptcy proceedings shall ensure equal treatment and status of creditors of the same payment rank and creditors of the same class in reorganisation.

Principle of Costeffectiveness

Article 5

Bankruptcy proceedings shall be pursued so as to ensure highest possible values for assets and highest possible degree of creditor settlement within the shortest possible period of time and at the lowest possible cost.

Principle of Judicial Involvement

Article 6

Once opened, the bankruptcy proceeding shall be conducted by the court ex officio.

Principle of Imperative Prescription and Preclusive Deadlines

Article 7

Bankruptcy proceedings shall be conducted under the provisions of this Law, unless this Law provides otherwise. With regard to issues that are not particularly regulated by this Law, the appropriate provisions of the law governing civil proceedings shall apply accordingly.

Any deadlines set out in this Law shall be preclusive in nature, unless otherwise provided by this Law.

Principle of Urgency

Article 8

Bankruptcy proceedings shall be urgent.

No suspension or interruption shall be allowed in bankruptcy.

Principle of Involvement of Two Instances

Article 9

Bankruptcy proceedings shall have two instances, unless this Law disallows legal remedies.

Principle of Transparency and Access to Information

Article 10

Bankruptcy proceedings shall be open to the public and all participants in the proceedings shall be entitled to a timely access to data relating to the conduct of the proceedings, except the data constituting a business or official secret.

All creditors have the right to ask and timely receive from the bankruptcy administrator all information related to the bankruptcy debtor, the course of the bankruptcy proceedings, and property and management of the assets of the bankruptcy debtor.

The conclusion on the data constituting a business or official secret shall be rendered by the bankruptcy judge, at the proposal of the bankruptcy administrator.

Announcements, orders and other court documents, shall be published in the bulletin and electronic bulletin board of the court on the day of adoption thereof, while the orders and other court documents, when prescribed by this law, shall be submitted to the appropriate registry for public disclosure on the website of that registry, or in some other manner that allows the public to be informed, if that register does not have a web page.

All submissions of the bankruptcy administrator and the participants in the proceedings with all attachments shall be published, immediately after reception, on the public website of the competent commercial court or in some other manner that allows the public to be informed about the progress of the bankruptcy proceedings, but complying with regulations governing the protection of personal data.

Actions shall be taken and decisions made in bankruptcy upon consideration of all available information.

4. Grounds for Bankruptcy

Article 11

Bankruptcy proceeding shall be opened where the existence of at least one of the grounds provided for in this Law is established.

Grounds for bankruptcy shall be:

1) Permanent insolvency;

2) Pending insolvency;

3) Overindebtedness;

4) Failure to comply with the adopted reorganisation plan or if the reorganisation plan was put into effect in a fraudulent or unlawful manner.

Permanent insolvency shall be deemed to exist if the bankruptcy debtor:

1) Is unable to pay its debts within 45 days of the date they become due;

2) Has completely ceased all payments for a consecutive period of 30 days.

Pending insolvency shall be deemed to exist if the bankruptcy debtor makes it apparent that it will not be able to pay its debts as they become due.

Overindebtedness shall be deemed to exist if the liabilities of the bankruptcy debtor exceed its assets. Where the debtor is a partnership, overindebtedness shall not be deemed to exist if the partnership has at least one partner who is a natural person.

Failure to comply with the adopted reorganisation plan shall be deemed to exist if the bankruptcy debtor fails to act in accordance with or acts in contravention of the reorganisation plan in a manner that substantially jeopardises the implementation of the reorganisation plan.

Presumption of Permanent Insolvency

Article 12

Permanent insolvency shall be presumed to exist where the petition for bankruptcy was filed by a creditor who was unable to obtain satisfaction of his monetary claim by any of the means of enforcement in a judicial or tax enforcement proceeding conducted in the Republic of Serbia.

Special Cases where Bankruptcy Proceedings are Discontinued or Terminated Immediately

Article 13**

Bankruptcy proceeding shall be discontinued immediately if it is established that a debtor has only one creditor.

Bankruptcy proceeding shall be concluded immediately if it is established that the value of the debtor's assets is lower than the expenses of the bankruptcy proceeding or that the debtor's assets are of negligible value.

In a situation referred to in paragraph (2) of this Article, the bankruptcy judge shall render the decision concluding bankruptcy and ordering the administrator to realise the debtor's assets and use the proceeds to pay any expenses incurred.

As an exception to the provision of paragraph (2) of this Article, the bankruptcy proceeding shall not be concluded if a creditor or the debtor files a request for the continuation of the proceeding and if the filer deposits assets sufficient to cover the expenses of bankruptcy, as required by the bankruptcy judge.

5. Exemptions from the Law

Article 14

Bankruptcy proceedings shall not be conducted against: the Republic of Serbia; autonomous provinces and units of local self government; funds or compulsory insurance bodies for pensioners, disabled persons, social security or health services; legal entities established by the Republic of Serbia, an autonomous province or a unit of local self government that are exclusively or primarily funded from ceded public revenues or the budget of the Republic of Serbia or budgets of the autonomous provinces or units of local self government; the National Bank of Serbia; the Central Securities Depository and Clearing House; and public agencies.

The provisions of this Law shall not apply to bankruptcy proceedings against banks and insurance companies, except the provisions regulating areas that have not been regulated by a separate law.

Founders or owners having the status of members or shareholders of a legal entity which is exempt from bankruptcy under paragraph (1) of this Article shall have joint and several liability for the liabilities of such legal entity.

Article 14a

The rights and obligations arising from the financial collateral contract concluded in accordance with the law governing financial collateral, including the granting, acquisition, change and realization of means of collateral within the meaning of that law, are exercised without interruption regardless of the initiation, opening and implementation of the bankruptcy proceedings against the bankruptcy debtor - provider or recipient of means of collateral.

The provisions of paragraph 1 of this Article apply mutatis mutandis to the exercise of the right to netting under other financial contracts within the meaning of the law governing financial collateral.

This Law does not apply to the settlement of creditors from collateral under the financial collateral contract.

The law governing financial collateral applies to the settlement of creditors referred to in paragraph 3 of this Article.

II JURISDICTION AND BODIES OF THE BANKRUPTCY PROCEEDING

1. Jurisdiction

In Rem Jurisdiction

Article 15

Bankruptcy proceedings shall be conducted by the court determined by the law governing court jurisdiction.

Compulsory enforcement in bankruptcy shall be carried out by the bankruptcy judge in accordance with this Law.

Territorial Jurisdiction

Article 16

Bankruptcy proceedings shall be conducted by the court with jurisdiction over the area where the debtor has its registered office.

Bankruptcy proceeding against a debtor whose registered office is not in the Republic of Serbia shall be conducted by the court with jurisdiction over the area in which the debtor's centre of main interest is located, provided that the conditions for doing so set out in this Law are met.

2. Bodies of Bankruptcy Proceeding

Article 17

The bodies of the bankruptcy proceeding shall be the bankruptcy judge, the bankruptcy administrator, the creditors' assembly and the creditors' committee.

2.1. Bankruptcy Judge

Article 18

The bankruptcy judge shall:

1) Rule on the initiation of preliminary bankruptcy proceedings;

2) Establish grounds for bankruptcy and rule on opening of bankruptcy proceedings;

3) Appoint and dismiss the bankruptcy administrator;

4) Approve bankruptcy proceedings expenses and liabilities of the bankruptcy estate before they are paid;

5) Determine the preliminary and final award and reimbursement of expenses of the bankruptcy administrator;

6) Rule on complaints against actions taken by the bankruptcy administrator;

7) Consider the draft plan of reorganisation of the bankruptcy debtor and hold the hearing to consider the draft plan of reorganisation, or reject the draft plan of reorganisation;

8) Confirm the adoption of the reorganisation plan or note that the plan has not been adopted;

9) Render the decision on final distribution of the bankruptcy estate;

10) Render other decisions and perform other activities stipulated by this Law.

2.2. Bankruptcy Administrator

Legal Position and Status of Bankruptcy Administrator

Article 19

The bankruptcy administrator shall manage the business of and represent the bankruptcy debtor, except where this Law provides otherwise.

The bankruptcy administrator, as well as persons performing activities of a bankruptcy administrator on behalf of the organisation established under a separate law to act as a bankruptcy administrator, shall enjoy the status of an official within the meaning of the Criminal Code provisions governing the official status.

The bankruptcy administrator shall have an identity card issued by the authorized organization.

The bankruptcy administrator may use the identity card only for official actions taken within the limits of his legal authority.

The Minister shall prescribe the layout, form and content of the identity card of the bankruptcy administrator.

Appointment

Article 20

The bankruptcy administrator shall be appointed by the bankruptcy judge in the decision to open the bankruptcy proceeding.

Selection of a bankruptcy administrator shall be made on a random basis from the list of active licensed bankruptcy administrators for the area of jurisdiction of the appropriate court, which shall be submitted to the court by the organisation in charge of keeping the list of bankruptcy administrators (hereinafter: the authorized organisation).

Notwithstanding paragraph 2 of this Article, a bankruptcy judge, when selecting the bankruptcy administrator, also considers the proposal of the creditor for the appointment of a bankruptcy administrator if the bankruptcy proceedings have been initiated on the proposal of the creditor and if it contains a proposal for appointing a bankruptcy administrator in accordance with Article 56, paragraph 3 of this Law.

In preliminary bankruptcy proceeding, the bankruptcy administrator shall be appointed by the decision of the bankruptcy judge, in the manner referred to in paragraph 2 of this Article.

The Minister in charge of bankruptcy matters (hereinafter: the Minister) shall specify the conditions and manner of random selection of bankruptcy administrators.

Limitations in Appointment

Article 21

A person may not be appointed to the position of a bankruptcy administrator if such person:

1) Is in custody, for the duration of the term of custody, or if criminal proceedings were initiated against him/her ex officio, or has been finally convicted for a criminal offense against economy, against legal transactions, against official duty, as well as for a criminal offence carrying a penalty exceeding five years' imprisonment or making him/her unsuitable for the position of a bankruptcy administrator;

2) Is a lineal blood relative regardless of the degree of consanguinity, or collateral relative within the fourth degree, inlaw within the second degree of affinity, or a spouse of the bankruptcy judge, or the director, owner or member of the management body of the bankruptcy debtor or a person affiliated with the bankruptcy debtor, within the meaning of this law;

3) Is jointly liable with the debtor for its obligations or with a person affiliated with the bankruptcy debtor, within the meaning of this law;

4) Has been a general manager, owner or member of the Managing or the Supervisory Board of the bankruptcy debtor or a person affiliated with the bankruptcy debtor, within the

meaning of this law within the past two years prior to the opening of the bankruptcy proceeding;

5) Has been employed with the bankruptcy debtor or with a person affiliated with the bankruptcy debtor, within the meaning of this law within the past two years prior to the opening of the bankruptcy proceeding;

6) Is a creditor of the bankruptcy debtor or of a person affiliated with the bankruptcy debtor, within the meaning of this law or has been employed by such person within the past six months prior to the opening of bankruptcy;

7) Is a debtor of the bankruptcy debtor or of a person affiliated with the bankruptcy debtor, within the meaning of this law or has been employed by such person within the past six months prior to the opening of bankruptcy;

8) Is a sole trader whose business is competitive with the business of the bankruptcy debtor, or is employed by such a sole trader, or a person who would have a conflict of interests with the bankruptcy debtor if appointed as a bankruptcy administrator;

9) Has worked as an advisor of the bankruptcy debtoror of a person affiliated with the bankruptcy debtor, within the meaning of this law on affairs related to the property of the bankruptcy debtor or a person affiliated with the bankruptcy debtor, within the meaning of this law within the past two years prior to the opening of bankruptcy.

Appointment of Bankruptcy Administrators in Bankruptcies of Socially-ownedAndStateowned Companies

Article 22

In bankruptcy proceedings conducted against legal persons with a majority of public or social capital, as well as in cases where the debtor's ownership structure changes during the course of the bankruptcy proceeding making it a majority publicly owned legal person, the bankruptcy judge shall appoint the organisation referred to in Article 19(2) of this Law to act as a bankruptcy administrator.

The provisions of Article 20 and Articles 23-26 of this Law shall not apply to the performance of bankruptcy administrator duties undertaken by the organisation referred to in paragraph (1) of this Article.

Bankruptcy Administrator Licence

Article 23

A licence for the performance of duties of a bankruptcy administrator (hereinafter: the licence) shall be issued by the authorisedorganisation by rendering a decision on licence issuance.

The licence may be issued to a person meeting the following criteria:

1) Holding citizenship of the Republic of Serbia;

2) Having contractual capacity;

3) Having acquired higher education of second level degree (graduate academic studies - master, specialist studies, and specialized professional studies), or in basic duration of at least four years;

4) Having three years of working experience in positions requiring a university degree or three years of working experience in administering bankruptcies;

5) Having passed the professional licensing examination;

6) Being trustworthy to perform the duties of a bankruptcy administrator.

The licence may not be issued to a person against whom criminal proceedings were initiated ex officio, or who has been finally convicted for a criminal offense against economy, legal transactions, official duty, as well as for a criminal offence carrying a penalty exceeding five years' imprisonment or making him/her unsuitable for the position of a bankruptcy administrator, or a person in custody for the duration of the term of custody.

A person shall be deemed untrustworthy to perform the duties of a bankruptcy administrator within the meaning of paragraph 2(6) of this Article if his/her previous professional conduct or behaviour provides indication that he/she will not conscientiously perform the duties of a bankruptcy administrator and safeguard the integrity of the bankruptcy administrator profession. Trustworthiness to perform the duties of a bankruptcy administrator shall be assessed against compliance with the Code of Ethics for Bankruptcy Administrators (hereinafter: the Code of Ethics).

If the conditions for licence issuance set out in this Article have not been met, the authorisedorganisation shall render a decision rejecting the request for licence.

The decisions referred to in paragraphs (1) and (5) of this Article shall be final and may be subject to administrative dispute.

The licence shall have a term of validity of three years from the date of issue and may be renewed.

The Minister shall more closely prescribe the curriculum and manner of taking the professional examination, as well as the manner of issuing and renewing the bankruptcy administrator licence.

Licence Renewal and Revocation

Article 24

The licence shall be renewed at the request of the bankruptcy administrator which shall be filed with the authorisedorganisation no earlier than three months before the expiry of the licence.

The bankruptcy administrator may have his/her licence renewed if he/she:

1) Meets the conditions for licence issuance set out in this Law;

2) Submits proof of having practised as a bankruptcy administrator or having performed other professional activities related to bankruptcy during the past two years;

3) Has conscientiously performed the duties of a bankruptcy administrator in accordance with this Law, the National Standards for Administering the Bankruptcy Estate and the Code of Ethics during the preceding term of validity of his/her licence;

4) Submits proof of payment of a licence renewal fee as stipulated in the Fee Schedule for services of the authorisedorganisation;

5) Submits proof of payment of any fines imposed on him/her by the authorisedorganisation during the professional supervision.

For the purpose of licence renewal, any person not meeting the condition referred to in paragraph 2(2) of this Article shall be obliged to submit proof of having annually attended at least three professional seminars or courses on the conduct of bankruptcy proceedings organised or recognised by the authorisedorganisation.

A person not meeting the condition referred to in paragraph 2(3) of this Article may not be issued a new licence neither.

The licence may be revoked even before its expiry in case the procedure undertaken upon a petition of an interested party, or ex officio, results in the finding that the bankruptcy administrator in question has failed to conscientiously perform the duties provided for in this Law, the National Standards for Administering the Bankruptcy Estate and the Code of Ethics.

In cases referred to in paragraphs (4) and (5) of this Article the authorisedorganisation shall render the decision rejecting the licence renewal application, or the decision revoking the licence, based on which the bankruptcy administrator in question shall be stricken off the list of bankruptcy administrators.

The decisions referred to in paragraph (6) of this Article shall be final and may be subject to administrative dispute.

The authorisedorganisation shall immediately notify all courts in charge of bankruptcy proceedings of any changes to the status of a licensed bankruptcy administrator.

A bankruptcy administrator whose licence has been revoked or whose application for licence renewal has been rejected on grounds referred to in paragraph (4) of this Article may not be issued a new licence within a period of five years from the finality of the decision revoking the licence, or the decision rejecting the licence renewal application.

List of Bankruptcy Administrators

Article 25

The list of bankruptcy administrators shall be kept by the authorisedorganisation.

Persons having obtained the licence to practise as a bankruptcy administrator shall be entered into the list of bankruptcy administrators either as active or as inactive bankruptcy administrators.

Persons having submitted the proof of having the compulsory professional liability insurance for the current year, in addition to the licence to practise as a bankruptcy administrator, and

registered as sole traders or are partners in a partnership, shall be entered into the list of bankruptcy administrators as active bankruptcy administrators.

Employed persons, except those employed by a sole trader or a general or limited partnership, may not be entered into the list of active bankruptcy administrators.

The authorized organization is obliged to publish the list of active bankruptcy administrators on its website.

In case of temporary inability of a bankruptcy administrator to perform the duties of the position, the bankruptcy administrator shall, without delay, give notice thereof in writing to the authorisedorganisation which shall, upon the receipt of such notice, change his/her status to inactive.

As soon as the temporary inability to perform the bankruptcy administrator duties ceases, the authorisedorganisation shall change the administrator's status to active upon receiving his/her request in writing.

Professional Supervision

Article 26

Professional supervision of the work of the bankruptcy administrator (hereinafter: professional supervision) shall be conducted by an authorized organization, in accordance with the special law. Provisions of the law governing general administrative procedure shall apply mutatis mutandis to the procedure of professional supervision.

In the procedure of professional supervision the authorized organization verifies that the bankruptcy administrator performs the duties of the bankruptcy administrator in accordance with this law, national standards for the management of the bankruptcy estate and the code of ethics, as well as other regulations.

In the case of the observed irregularities in the work of the bankruptcy administrator, the authorized organization, after completion of the disciplinary proceedings, shall impose upon the bankruptcy administrator the following measures because of violation of duties:

1) Warning;

2) Public warning;

3) Fine;

4) Revocation of the license.

The measures referred to in paragraph 3 of this Article shall be imposed by decisions that shall be final.

Violation of duty of the bankruptcy administrator may be of the minor or major kind.

In the case of minor violation of duty the following measures may be imposed: warning, public warning, and fine, and in the case of a serious violation of duty the following measures may be imposed: public warning and a fine, fine, and license revocation.

The Minister shall prescribe which violations of duties of the bankruptcy administrator represent minor and which major violations of duties of the bankruptcy administrator.

The decisions referred to in paragraph 4 of this Article shall be served, without delay, on all appropriate courts in charge of bankruptcy proceedings, as well as the creditors' committees in all bankruptcies involving the administrator against whom the disciplinary measure has been imposed.

Upon receiving the decision revoking the licence, the bankruptcy judge shall dismiss the bankruptcy administrator.

Upon receiving the decisions imposing reprimand, public reprimand or monetary fine, the bankruptcy judge may dismiss the bankruptcy administrator or impose other measures, including the obligation to obtain special consent from the bankruptcy judge or written consent from the creditors' committee for all or specific actions that the administrator undertakes if the judge should deem independent actions by the administrator could be detrimental to the bankruptcy estate.

The decisions referred to in paragraph 4 of this Article may be subject to administrative dispute.

Scope of Work of the Bankruptcy Administrator

Article 27

The bankruptcy administrator shall in particular be obliged to:

1) Take all necessary measures to protect the property of the bankruptcy debtor, including the prevention of transfer and sealing or seizure of property where necessary, as well as the actions of rebuttal, if the rebuttal would increase the estate;

2) Create a plan of the bankruptcy proceeding including the estimated expenses and a time schedule, within 30 days of the date of his appointment;

3) Commence the performance of a physical inventory of the property of the bankruptcy debtor within ten days from the date he/she was appointed and complete the inventory within 30 days from the date of his/her appointment;

4) Prepare a report on the economic and financial situation of the bankruptcy debtor and submit it to the bankruptcy judge, the creditors' committee and the authorized organization;

4a) Prepare tax balances as of opening day and the date of completion of the bankruptcy proceedings, in accordance with tax regulations, and to submit such balances, along with the tax return, to the competent tax authority within the time limits prescribed by tax legislation;

5) Immediately notify, in writing, all creditors known at the time of the opening of the bankruptcy proceeding, providing all data referred to in the decision to open the bankruptcy proceeding and other data of importance for creditors;

6) Immediately notify, in writing, all courts conducting the enforcement proceedings of the opening of the bankruptcy proceeding;

7) Insure the property of the bankruptcy debtor in whole or in part, with the consent of the bankruptcy judge, if such measure is needed for the protection of the debtor's property;

8) Submit to the bankruptcy judge and the creditors' committee regular quarterly reports on the course of the bankruptcy proceedings and the state of the bankruptcy estate;

9) Submit to the bankruptcy judge the plan of expenses of the bankruptcy proceedings and liabilities of the bankruptcy estate for each coming month;

10) Endeavour to complete unfinished business of the bankruptcy debtor in order to maximise the value of the debtor or its assets;

11) Provide opinion on the proposed reorganisation plan, when such plan was not filed by the bankruptcy administrator;

12) Ascertain the validity, extent and priority of claims lodged by creditors, including any security interests;

13) Realise assets and rights of the bankruptcy debtor, in accordance with this Law;

14) Prepare a draft decision on main distribution of the bankruptcy estate and the draft of the final account;

15) Distribute payments to creditors based on the decision on main distribution, when final, in accordance with this Law;

16) Deliver the final account;

17) Represent the bankruptcy debtor or the bankruptcy estate in pursuing judicial, administrative and other proceedings;

18) File petitions, applications or other appropriate acts with appropriate bodies of foreign countries as the officially authorised representative of the bankruptcy debtor, requesting, among other things, the distraint, seizure, protection or return of the bankruptcy debtor's property located abroad or under the control of such a body or a third party under its jurisdiction, and cooperate with foreign bodies or foreign representatives in accordance with the provisions of this Law regulating crossborder bankruptcy;

19) Notify appropriate registers of the opening of the bankruptcy proceedings, in accordance with the law;

20) Perform other duties prescribed by this Law or of interest to the successful completion of bankruptcy proceedings.

The bankruptcy administrator may obtain unsecured credit or incur debt secured by assets that are part of the bankruptcy estate, in accordance with this Law.

The credit or debt referred to in paragraph (2) of this Article shall be considered an expense of the bankruptcy estate and shall not affect prior rights of secured and lien creditors, unless secured and lien creditors agree otherwise.

The bankruptcy administrator shall perform his/her duties independently and with the care of a good expert, in accordance with this Law, the National Standards for Administering the Bankruptcy Estate and the Code of Ethics.

In carrying out his/her duties, the bankruptcy administrator may retain professional foreign or domestic legal entities or individuals, with the consent of the bankruptcy judge. The retained entities or individuals shall be supervised by the bankruptcy administrator.

The bankruptcy administrator, except where an organisation determined under a separate law to act as a bankruptcy administrator has been appointed, shall be obliged to provide access to his/her operations to the authorisedorganisation, to provide necessary data and documents, as well as to cooperate during the course of supervision of their work.

The bankruptcy administrator may, where appropriate, consult with the creditors' committee or the bankruptcy judge on issues relating to bankruptcy proceedings.

The bankruptcy administrator appointed in a preliminary bankruptcy proceeding shall perform duties as provided for in his/her appointment decision.

The Minister shall, at the proposal of the authorisedorganisation, adopt National Standards for Administering the Bankruptcy Estate and the Code of Ethics.

Under taking Actions of Special Importance

Article 28

The bankruptcy administrator may take actions that have or may have a significant impact or consequences on the bankruptcy estate, such as obtaining credit, raising a loan, acquiring high value equipment, granting a lease, and the like (hereinafter: actions of special importance), after having notified the bankruptcy judge thereof and having obtained the consent of the creditors' committee. The act of contesting bankruptcy debtor's legal transactions by filing claims or otherwise shall not be deemed an action of special importance.

If a property burdened by security interest or lien is leased, the bankruptcy administrator is obliged to deliver the notification thereof to the secured i.e. lien creditor, but such an action can be taken only with the acquired consent of the secured i.e. lien creditor who, by mutatis mutandis application of Article 35, paragraph 3 of this Law, makes it probable that his secured claim may be settled from the burdened property in part or in whole.

The consent referred to in paragraph 2 of this Article is deemed to be given if the secured i.e. lien creditor, within eight days from the receipt of the written request of the bankruptcy administrator for the granting of such consent, does not take a stand on the issue by delivering a submission to the court.

At the request of the secured i.e. lien creditor due to the need to obtain a new appraisal of the property in question, the court may extend the time limit referred to in paragraph 3 of this Article once for a maximum of 30 days.

In the course of preliminary bankruptcy proceedings the bankruptcy administrator may take actions of special importance only with the consent of the bankruptcy judge.

The bankruptcy administrator shall be obliged to notify in writing the bankruptcy judge of the intended action of special importance not later than 15 days before taking such action, as well as to seek consent from all the members of the creditors' committee, or the bankruptcy judge in case referred to in paragraph 5 of this Article, for such action within the same deadline.

In cases calling for exceptional urgency, the deadline referred to in paragraph 6 of this Article may be reduced to no less than three days, provided that no creditors' committee member objects in writing or at the committee's meeting to such a deadline.

The creditors' committee shall be deemed to have consented to the proposed action if it has been notified thereof in accordance with paragraphs (3) and (4) of this Article and if it has not responded within eight days of receipt of the notification by contesting such action or by proposing another one.

Reporting

Article 29

The bankruptcy administrator shall submit quarterly written reports on the course of the bankruptcy proceedings and the state of the bankruptcy estate to the creditors' committee, the bankruptcy judge and the authorisedorganisation within 20 days of the day of expiration of the three-month period.

The bankruptcy administrator shall be required to submit reports under paragraph 1 of this Article to the bankruptcy judge in written form, while to the creditors' committee and authorized organization electronically.

Authorized organization shall publish the reports, immediately after submission, on its website.

At the request of the creditors' committee or the creditors whose total verified or contested claims exceed 20% of the total amount of all bankruptcy creditors' claims, the bankruptcy administrator shall be obliged to submit monthly and other reports as well.

Expenses of compiling and submitting the reports referred to in paragraph (2) of this Article shall be borne by the requesting party, and, where the latter is the creditors' committee the bankruptcy estate.

The quarterly report shall particularly contain the following:

1) The list of assets sold, transferred, or otherwise disposed of;

2) The list of cash inflows and outflows in the preceding three month period;

3) The initial and final balance in the bank account;

4) The list of liabilities of the bankruptcy debtor; and

5) The list of retained experts and their fees paid.

The interim bankruptcy administrator shall submit to persons referred to in paragraph (1) of this Article a special written report on the course of preliminary bankruptcy proceeding, which shall particularly contain data referred to in paragraph 6(1-4) of this Article.

The bankruptcy administrator shall submit the final account to the bankruptcy judge, the creditors' committee and the authorisedorganisation.

The form of the report referred to in paragraph (1) of this Article and the manner of its filing shall be prescribed more closely by the authorisedorganisation.

Mandatory Insurance

Article 30

An active bankruptcy administrator shall be obliged to take out in his/her own name and his/her own account the compulsory professional liability insurance amounting to at least €30,000, in dinar equivalent on the date of signing the insurance contract, to cover all risks associated with practising as a bankruptcy administrator.

The creditors' committee may, at any time, require from the bankruptcy administrator a supplementary professional liability insurance over the insured sum referred to in paragraph (1) of this Article for a particular bankruptcy, and the bankruptcy administrator shall be obliged to take out such insurance, unless he/she proves that he/she is unable to do so in the market.

The amount referred to in paragraph (2) of this Article shall be set by the creditors' committee, taking into account the size of the bankruptcy estate and any other specific circumstances, as well as the existing and potential risks, with the proviso that the bankruptcy judge may, acting ex officio or on request of an interested party, order the amount to be reduced or completely waive any supplementary insurance if he considers premiums to be unjustifiably high.

The supplementary insurance premium referred to in paragraph (2) of this Article shall be considered an expense of the bankruptcy estate.

Liability for Damage

Article 31

If the bankruptcy administrator has intentionally or through gross negligence caused damage to the parties to the proceedings, the bankruptcy administrator shall be personally and directly liable for such damage.

If damage was caused by the bankruptcy administrator's action performed under instructions of the bankruptcy judge, the bankruptcy administrator shall not be liable for such damage, unless instructions were given on the basis of his unconscionable actions or suggestions.

The bankruptcy administrator shall be liable for any damage caused by professionals retained by him if the damage occurred due to his failure to supervise their work.

The request for indemnification shall reach the statute of limitations within three years from the date of deletion of the debtor, or of the estate in the relevant register, i.e. from the final decision confirming the adoption of the plan of reorganization.

Dismissal

Article 32

The bankruptcy judge shall ex officio or at the request of the creditors' committee dismiss a bankruptcy administrator if it determines that the bankruptcy administrator:

1) Does not fulfil his/her duties;

2) Does not adhere to deadlines prescribed by this Law;

3) Is biased;

4) After one year of the claims investigation hearing, failed to take appropriate measures to realise the assets of the bankruptcy estate, unless the taking of such measures was prevented by force majeure or other unpredictable circumstances;

5) Did not insure assets against possible damage even after two warnings of the bankruptcy judge or the creditors' committee;

6) Did not seek consent or act in accordance with the consent given to him in all cases where such consent is required by this Law.

The Bankruptcy judge shall ex officio dismiss the bankruptcy administrator who has been stricken off the list of bankruptcy administrators, as well as in other circumstances prescribed by this Law.

Upon completion of the investigation hearing, upon the proposal of the creditors' committee for dismissal and simultaneous appointment of a new bankruptcy administrator, opted for by at least three-quarters of the members of the committee, and upon the acquired prior consent of the creditors' assembly, the bankruptcy judge dismisses the bankruptcy administrator even when there are no reasons for dismissal from the paragraph 1 of this Article, and with the same decision appoints the proposed bankruptcy administrator, except in the case when an organization designated by a special law to perform the tasks of the bankruptcy administrator is appointed as the bankruptcy administrator.

Before ruling on the dismissal referred to in paragraph (1) of this Article, the bankruptcy judge shall allow the bankruptcy administrator to make a statement about the reasons for his/her dismissal.

The bankruptcy judge shall immediately serve the decision on dismissal referred to in paragraph (1) of this Article on the authorisedorganisation.

The bankruptcy administrator may also be dismissed at his own request.

The provisions of this Article shall apply mutatis mutandis to the dismissal of the interim bankruptcy administrator.

Transfer of Powers

Article 33

Upon dismissal, the bankruptcy administrator shall immediately transfer all assets and documents of the bankruptcy debtor to the newly-appointed administrator. The dismissed administrator shall also be obliged to submit to the bankruptcy judge and the creditors' committee the report on the course of the bankruptcy proceeding and the state of the bankruptcy estate from the date of opening of bankruptcy to the date of dismissal. The report on the course of bankruptcy proceeding and the state of the bankruptcy estate shall contain all data referred to in Article 29 paragraph 6 of this Law.

The obligation to hand over the documents referred to in paragraph (1) of this Article shall also hold true for third parties if the documents of the bankruptcy debtor are in their possession at the time of dismissal of a bankruptcy administrator.

If the dismissed administrator or the party referred to in paragraph (2) of this Article refuses or delays the transfer of assets or documents, the judge shall, at the request of the newly-appointed administrator, order an immediate transfer under the threat of enforcement action.

In case of failure to comply with the order referred to in paragraph (3) of this Article, the judge shall order coercive measures against the dismissed bankruptcy administrator or a party referred to in paragraph (2) of this Article to enforce the transfer.

The dismissed bankruptcy administrator and the party referred to in paragraph (2) of this Article shall be held liable for any damage caused by untimely transfer.

Award and Reimbursement

Article 34

The bankruptcy administrator shall be entitled to a fee award and reimbursement of actual expenses (hereinafter: award and reimbursement).

The final award and the reimbursement shall be determined by the bankruptcy judge at the time of the conclusion of the bankruptcy proceedings, taking into account bases and criteria for determining the amount of the award and reimbursement.

Until the final amount of the award is determined, the bankruptcy judge shall set the preliminary amount of the award by a decision to be served on the bankruptcy administrator and the creditors' committee.

The preliminary award may be set as a percentage of the overall value of the bankruptcy estate. If it is discovered in the subsequent course of the proceeding that such an award is disproportionately high or low, the bankruptcy judge may, at the proposal of the bankruptcy administrator or the creditors' committee, decrease or increase the set award.

The decision setting out the preliminary award may not be appealed.

The bankruptcy judge may allow monthly award and reimbursement payments to the bankruptcy administrator, in proportion to the volume and results of his/her performance.

The reimbursement shall be based on the actual amount of expenses incurred by the bankruptcy administrator in his/her work, in accordance with bases and criteria for determining the award and reimbursement.

The Minister shall specify the bases and criteria for determining the bankruptcy administrators' award and reimbursement.

2.3. Creditors' Assembly

Establishment and Work of the Creditors' Assembly

Article 35

The creditors' assembly shall be formed at the initial creditors' hearing.

The creditors' assembly shall consist of all bankruptcy creditors, regardless of whether or not they have filed their claims by the date the assembly meeting takes place.

Secured creditors may participate in the creditors' assembly only to the extent of their claims for which they are likely to appear as bankruptcy creditors. The secured creditors may prove the probability of unsecured claims by submitting the valuation of assets which are the subject of a secured right. The estimate of the value of the subject of the secured rights must be made by a licensed practitioner (appraiser) and may not be older than 12 months.

The president of the creditors' assembly and members of the creditors' committee from the ranks of bankruptcy creditors are elected at the first meeting of the creditors' assembly.

At the first meeting of the creditors' assembly, the bankruptcy creditors, whose claims prove to probably amount to more than 50% of the total claims of bankruptcy creditors, give their consent to the election of the appointed bankruptcy administrator, and if the consent is not granted propose the dismissal of the appointed and simultaneous appointment of a new bankruptcy administrator. The bankruptcy judge dismisses the appointed bankruptcy administrator and, by the same decision, appoints the proposed bankruptcy administrator from the list of active bankruptcy administrators for the area of the competent court, except in the case when an organization designated by a special law to perform the tasks of the bankruptcy administrator is appointed as the bankruptcy administrator.

The president of the creditors' assembly shall schedule and chair subsequent creditors' assembly meetings, give notice of the meetings and define their agendas upon the proposal by the bankruptcy creditors.

If the president of the creditors' assembly fails to convene the meeting within five days from the receipt of a proposal made by bankruptcy creditors, bankruptcy creditors whose claims exceed 20% of the amount of total claims of all bankruptcy creditors may convene the meeting and propose the agenda.

Bankruptcy creditors shall be given notice of the creditors' assembly meetings and agendas by public announcements on the court's bulletin and electronic board and by advertisements in two high-circulation daily newspapers distributed on the entire territory of the Republic of Serbia, unless the creditors' assembly decides otherwise.

Votes at the creditor's assembly shall be cast in proportion to the amount of the claim.

The creditors' assembly shall decide by a majority vote of the creditors present and voting, except in case of voting on liquidation of the bankruptcy debtor at the initial creditors' hearing and the dismissal and the simultaneous appointment of a new bankruptcy administrator at the first meeting of the creditors' assembly.

If there are no more than five creditors, all creditors are members of the creditors' committee, whereby the voting in such a committee shall be cast in proportion to the amount of the claim.

Creditors whose claims have been fully contested and who failed to take action within the statutory deadline and notify thereof the bankruptcy administrator shall no longer be considered creditors or, thereby, members of the creditors' assembly.

Initial Creditors' Hearing

Article 36

The initial creditors' hearing shall be convened by the decision opening the bankruptcy proceeding, by which the meeting of the creditors' assembly shall be convened.

The initial creditors' hearing shall be convened no later than within 40 days from the opening of bankruptcy.

The hearing referred to in paragraph (1) of this Article shall discuss the report on economic and financial position of the bankruptcy debtor and the administrator's estimation on the possibilities for reorganisation of the bankruptcy debtor.

If, at this hearing, the creditors who make it apparent that they hold 50% or more of the value of all claims of bankruptcy creditors decide that the proceeding should immediately continue by liquidation of the bankruptcy debtor, the bankruptcy judge shall render a decision on liquidation.

At the commencement of the hearing, the bankruptcy administrator shall distribute to the bankruptcy judge and the bankruptcy creditors the summary of all claims that he is aware of on the date of the hearing, the assessment of their legal grounding and amounts, as well as their percentages in relation to the total volume of bankruptcy creditors' claims.

At the beginning of the hearing, the bankruptcy administrator shall present to the bankruptcy judge and creditors present an overview of all the claims of creditors who are affiliated with the bankruptcy debtor, in terms of this law.

The bankruptcy administrator shall deliver the summary referred to in paragraph (5) of this Article to a bankruptcy creditor even before the date of the initial creditors' hearing, if so requested by the bankruptcy creditor, noting that such a summary may be subject to changes before the hearing is held.

Scope of work of the Assembly

Article 37

The creditors' assembly shall:

1) Rule on liquidation of the bankruptcy debtor, consistent with Article 36(4) of this Law;

2) Elect and replace the president of the creditors' assembly and members of the creditors' committee from the ranks of bankruptcy creditors;

2a) Consent to the election of the appointed bankruptcy administrator, i.e. proposes the appointment of a new one, in accordance with Article 35, paragraph 5 of this Law;

3) Review reports of the bankruptcy administrator on the course of bankruptcy proceeding and the state of bankruptcy estate;

4) Review reports of the creditors' committee;

5) Perform other actions as stipulated by this Law.

2.4. Creditors' Committee

Election of the Creditors' Committee

Article 38

The creditors' assembly shall elect the members of the creditors' committee from the ranks of bankruptcy creditors, including the secured creditors referred to in Article 35, paragraph 3 of this Law, at the initial creditors' hearing.

The bankruptcy judge issues a conclusion to determine which creditors are members of the creditors' committee in terms of paragraph 1 of this Article.

The number of creditors' committee members shall be determined by the creditors' assembly, but may not exceed seven members and shall always be an odd number.

The members of the creditors' committee from paragraph 1 of this Article may be bankruptcy creditors, regardless of the amount of their claims.

A bankruptcy creditor may delegate himself or another bankruptcy creditor to be the member of the creditors' committeefrom the ranks of bankruptcy creditors.

Creditors who are also employees or former employees of the bankrupt debtor may not have more than one member of the creditors' committee.

Creditors who are not persons affiliated with the debtor, in terms of this law, but which are mutually associated entities within the meaning of the law regulating companies may not have more than one of their representatives elected to the creditors' committee.

Creditors who are persons affiliated with the debtor, in terms of this law, except persons who are within their regular activities engaged in granting loans, may not be members of the creditors' committee.

All members of the creditors' committee are obliged to submit the contact address, telephone and electronic address for communication to the court and to the bankruptcy administrator.

Members of the creditors' committee shall elect the president of the creditors' committee.

A member of the creditors 'committee from the ranks of bankruptcy creditors is dismissed by the creditors' assembly.

The bankruptcy judge may dismiss a member of the creditors' committee if such a member fails to perform the obligations prescribed by this Law or if he is elected contrary to the provisions of this Law.

A member of the creditors' committee whose claim has been disputed in full, and who has failed to initiate litigation proceedings within the statutory period and inform the bankruptcy administrator thereof, or such proceeding has been concluded in favour of the bankruptcy debtor, shall cease to be the member of the creditors' committee.

If a bankruptcy judge or a creditors 'assembly dismisses a member of the creditors' committee from the ranks of bankruptcy creditors or a member of the creditors' committee from the ranks of bankruptcy creditors resigns from the membership in that committee, or if membership of a member of the creditors' committee from the ranks of bankruptcy creditors ceases in accordance with paragraph 13 of this Article, the creditors' committee may appoint a new member from the ranks of bankruptcy creditors whose term of office lasts until the first next meeting of the creditors' assembly where a new member of that committee shall be elected.

Election of a Member of the Creditors' Committee from the Ranks of Secured Creditors

Article 38a

At the first creditors' hearing, the secured creditors elect one member of the creditors' committee from the ranks of secured creditors.

The right to vote within the meaning of paragraph 1 of this Article is held by all secured creditors, irrespective of whether they filed a receivable claim by the day when the creditors' assembly is held.

For the purpose of exercising the voting right by secured creditors, the bankruptcy judge assesses the probability of settling their claims against the burdened property, by mutatis mutandis application of Article 35, paragraph 3 of this Law.

Secured creditors vote in proportion to the amount of that part of their claim for which the bankruptcy judge determines that there is a probability of its settlement from the burdened property, within the meaning of paragraph 3 of this Article, and the decision is made by the majority of votes of the present secured creditors.

Secured creditors may at their meeting, at any time, dismiss a member of creditors 'creditors from the ranks of secured creditors and elect a new member of the creditors' committee.

In the event that a member of the creditors' committee from the ranks of secured creditors resigns to the membership of the creditors' committee or is such creditor for other reasons ceases to be a member of the creditors' committee, the secured creditors are obliged to, at a meeting to be held within 30 days from the day of termination of membership in the creditors' committee, elect a new member of that committee from the ranks of secured creditors.

Meeting of secured creditors in the sense of paragraphs 5 and 6 of this Article may be summoned by secured creditors who have secured claims larger than 20% of the total amount of secured claims.

The secured creditors referred to in paragraph 7 of this Article are obliged to:

1) Deliver to the bankruptcy judge a notification of the scheduled meeting not later than 15 days prior to the day of the meeting;

2) Publish the announcement of the scheduled meeting in two high-circulation newspapers that are distributed throughout the territory of the Republic of Serbia, at the latest 15 days before the day of the meeting.

The secured creditors elect a secured creditor who shall chair the meeting from paragraph 5 and 6 of this Article.

If, within the time limit referred to in paragraph 6 of this Article, the secured creditors do not elect a member of the creditors' committee from the ranks of secured creditors and within the same time limit fail to notify thereof the bankruptcy judge and the creditors' committee, the creditors' committee may appoint a new member of the creditors' committee from the ranks of secured creditors, i.e. bankruptcy creditors if no secured creditor accepts such an appointment, whose term of office lasts until the first following meeting of secured creditors within the meaning of paragraph 5 of this Article whereon a new member of the creditors' committee shall be selected from the ranks of secured creditors.

Establishment of Creditors' Committee by Court

Article 38b

If members of the creditors' committee are not elected at the first creditor's hearing:

1) Duties of members of the creditors 'committee from the ranks of bankruptcy creditors are performed by four bankruptcy creditors, except for persons who, in terms of Article 38 of this Law, may not be members of the creditors' committee, for which the bankruptcy judge issues a conclusion on that hearing to determine that they possess the largest individual unsecured claims;

2) Duty of a member of the creditors' committee from the ranks of secured creditors is performed by a secured creditor determined by a conclusion from the bankruptcy judge referred to in item 1) of this paragraph, by mutatis mutandis application of Article 35, paragraph 3 of this Law, that he possesses the largest amount of claims for which there is a probability of settlement from the burdened property.

In the case referred to in paragraph 1 of this Article, if the bankruptcy debtor does not have secured creditors, the duties of the members of the creditors 'committee is performed by five creditors, except for persons who, according to Article 38 of this Law, may not be members of the creditors' committee, for whom the bankruptcy judge, at that hearing, issues a conclusion to determine that they have the largest individual claims.

Manner of Decision Making of the Creditors' Committee

Article 39

The president of the creditors' committee shall chair the creditors' committee and convene its meetings.

The president of the creditors' committee must schedule a meeting of the creditors' committee if more than half of the committee members so request,as well as when requested by a member of the creditors' committee from the ranks of secured creditors.

If the president of the creditors' committee within 15 days of receipt of the proposal from paragraph 2 of this Article does not schedule the session of the creditors' committee, applicants may schedule the session of the creditors' committee and propose an agenda.

The creditors' committee shall decide by a simple majority of votes of all members. In case of a tie, the vote of the president of the creditors' committee shall prevail.

The meetings of the creditors 'committee are attended by the bankruptcy administrator at the invitation of the creditors' committee, only if it is necessary to provide the necessary clarifications or information in relation to the proposed agenda or if his is asked to take a stand on a certain issue. The bankruptcy administrator does not have the right to vote.

The bankruptcy judge may not attend meetings of the creditors' committee.

A representative with special authorisation may attend the meetings and vote instead of a member of the creditors' committee.

Scope of Work and Rights of the Creditors' Committee

Article 40

The creditors' committee shall:

1) Give its opinion to the bankruptcy administrator on the manner of selling the property if the property is not to be sold by public auction and give its consent on actions of special importance, in accordance with this Law;

2) Give its opinion on continuation of the bankruptcy debtor's business operations;

3) Review reports of the bankruptcy administrator on the course of bankruptcy proceedings and the state of bankruptcy estate;

4) Approve the final account of the bankruptcy debtor;

5) Review and require, at own cost, the delivery of copies of complete documentation;

6) Inform the creditors' assembly of its work, if requested;

7) Perform other activities stipulated in this Law.

Article 41

The creditors' committee shall be entitled to:

1) File written complaints against the bankruptcy administrator with the bankruptcy judge;

2) Appeal the decisions of the bankruptcy judge, where appeal is allowed;

3) Review court records, expert findings and all other documentation of the bankruptcy case file;

4) Provide opinion on approving justifiable losses identified during the inventory;

5) Propose the replacement of the bankruptcy administrator and appointment of a new one;

6) Give an opinion about the amount of the final award for the bankruptcy administrator.

A member of the creditors committee has the right to hire, at his expense, one or more qualified persons who will perform analysis of debtor's operations prior to or during the bankruptcy proceedings and the analysis of the actions taken by the bankruptcy administrator and prepare a report which shall be delivered, without delay, to other members of the creditors' committee, the bankruptcy judge, the bankruptcy administrator and the authorized organization. The bankruptcy administrator shall be required to enable the hired qualified person, without delay, full access and insight into business books, accounting documents and other relevant documentation of the bankruptcy debtor.

Written complaints by the creditors' committee against the bankruptcy administrator shall be submitted within five days of the discovery of an individual action, while the bankruptcy judge shall render the decision on the complaint within five days of the receipt of the complaint. The decision rendered by the bankruptcy judge upon the complaint of the creditors' committee may not be appealed.

The creditors' committee shall, at the request of the creditors' assembly, submit to the assembly a written report on the course of the bankruptcy proceeding and the state of the bankruptcy estate.

Members of the creditors' committee shall be liable for any damage they cause to other creditors on purpose or due to gross negligence.

Reimbursement of Expenses

Article 42

The president and members of the creditors' committee shall be entitled to reimbursement of actually incurred expenses, as approved by the bankruptcy judge based on a reasoned request.

The reimbursement referred to in paragraph (1) of this Article shall be considered an expense of the bankruptcy proceeding.

Each individual creditor shall pay for its own expenses occurred in the bankruptcy proceeding, unless otherwise provided by this Law.

III BASIC PROCEDURAL PROVISIONS, PARTIES AND PARTICIPANTS

1. Basic Procedural Provisions

Procedural Rules

Article 43

Bankruptcy proceeding shall be initiated by a petition filed by an authorised person.

Petitions, statements and complaints may not be filed after the filing deadline prescribed by this Law, or in case of failure to appear at the court hearing at which these actions have to be taken, unless otherwise provided by this Law.

In bankruptcy proceedings, no motion for the restoration to the previous state [status quo ante], motion for judicial review, or motion for retrial may be filed.

Decisions may be passed without an oral argument.

Abuse of Right to Request Substitution and Recusal

Article 44

The abuse of right to request substitution and recusal, with the aim of prolonging the proceeding, shall be deemed to be filing of one or more motions for substitution, or recusal, within three days before the hearing or at the hearing, or a motion for substitution or recusal directed against all judges eligible for appointment as a case judge at the court in charge of the proceeding, as well as a motion requesting the concurrent recusal and substitution of both the case judge and the court president.

Filing of a motion for the delegation of the court within three days before the hearing or at the hearing shall also be considered an abuse of rights.

Motions referred to in paragraphs (1) and (2) of this Article shall be dismissed as disallowed.

No appeal may be filed against the rulings referred to in paragraph (3) of this Article.

Rulings in Bankruptcy Proceedings

Article 45

The rulings rendered in the course of bankruptcy proceedings shall be decisions and conclusions.

The decision shall be used to rule on issues in bankruptcy proceedings.

The conclusion shall be used to rule on complaints and to order officials or bodies conducting the bankruptcy proceedings or third parties to perform specific activities.

No appeal or objection may be lodged against the conclusion.

If the conclusion contains an evident technical or drafting error, the bankruptcy judge shall, ex officio or at the request of the bankruptcy administrator, the creditor or other interested party, immediately pass an amended conclusion to correct such error.

Appeal

Article 46

A decision may be appealed to a higherinstance court through the firstinstance court within eight days of posting the decision on the court's bulletin board, or of serving the decision on the participants in the proceeding, unless otherwise provided by this Law.

The decision regarding the appeal shall be rendered not later than 30 days of the receipt of the appeal by a higherinstance court.

Appeals against the decision shall not stay its execution, unless otherwise provided by this Law.

Article 47

Upon the receipt of an appeal, the bankruptcy judge shall rule to reject incomplete appeals, appeals not lodged in due time, or unallowable appeals.

The bankruptcy judge may, on finding an appeal justified, uphold such appeal in full and render a new decision amending the contested one.

If the bankruptcy judge does not uphold the appeal, he/she shall immediately forward it to the secondinstance court for consideration.

The provisions of paragraphs (2) and (3) of this Article shall not apply to the decision opening the bankruptcy proceeding, the decision confirming the adoption of the reorganisation plan, or the decision concluding the bankruptcy proceeding.

2. Creditors and Other Participants in the Proceedings

Bankruptcy Creditor

Article 48

The bankruptcy creditor shall be an entity holding an unsecured claim against the bankruptcy debtor at the moment of opening of the bankruptcy proceeding.

Secured and Lien Creditors

Article 49

Secured creditors are creditors who have a security right, statutory retention right, or a right of settlement on assets and rights that are recorded in public records or registers, and have the right of primary settlement from the proceeds of sale of assets, or from collection of claims on which they have gained that right.

Secured creditors shall not be deemed bankruptcy creditors. If the value of their claim is higher than the amount obtained from realising a secured asset or right, they shall satisfy the remaining part of their claim as bankruptcy creditors.

Secured claims acquired through enforcement proceedings or creating of a charge within 60 days before the date of opening the bankruptcy proceedings for the purpose of enforcement or security shall cease to be valid; such creditors shall not be deemed secured creditors. Based on the decision of the bankruptcy judge, the authorised authority keeping the appropriate public books shall strike such security rights off the books.

The secured creditors shall be entitled to proportional settlement from the bankruptcy estate as bankruptcy creditors if they renounce their status of a secured creditor or if they cannot, through no fault of their own, satisfy their secured claim,as well as in the case of the implementation of a partial division before cashing in the property to which their secured

right pertains to. Written statement concerning the renouncement of a status of a secured creditor shall be submitted to the bankruptcy judge and the bankruptcy administrator, along with the submission of a request for striking off any burdens associated with assets to the appropriate register.

Lien creditors are creditors who have a lien on the property or rights of the bankruptcy debtor that are recorded in public records or registers, and do not have a monetary claim against the debtor that is secured by that lien.

Lien creditors are not bankruptcy creditors, and are not secured creditors. Lien creditors are bound to inform the court about the lien right within the deadline for submitting claims, along with the submission of evidence of the existence of lien right and a statement of the amount of monetary claim against a third party that is secured by this right on the day of opening of the bankruptcy proceedings, whereby they acquire the status of the party.

Lien creditors may not elect and be elected to the creditors' assembly and the creditors' committee.

Excluding Creditor

Article 50

An excluding creditor shall be an entity which, on the basis of its property right or personal right, has the right to request a certain asset to be excluded from the bankruptcy estate.

The excluding creditor shall not be deemed a bankruptcy creditor.

The asset from paragraph (1) of this Article shall not be deemed part of the bankruptcy estate.

Creditors as Recipients of Financial Collateral

Article 50a

Creditors who have a pledge entitlement under a financial collateral contract in accordance with the law governing financial collateral, i.e. whose claim is otherwise secured under this contract, are not bankruptcy creditors, secured creditors, lien creditors and excluding creditors within the terms of this Law.

Notwithstanding paragraph 1 of this Article, if the amount of claims of creditors who are recipients of financial collateral is greater than the amount of value achieved by settlement under the contract on financial collateral, these creditors exercise the right to settlement for the difference in amount of such amounts as bankruptcy creditors in accordance with this Law.

Creditors whose claim towards the bankruptcy debtor is secured under the contract referred to in paragraph 1 of this Article are obliged to notify the competent court of the settlement of their claim under that contract within eight days from the day of settlement of that claim that was effected on the day of opening of the bankruptcy proceedings, or after that day, during the bankruptcy proceedings.

The notification of settlement referred to in paragraph 3 of this Article shall in particular contain the following information:

1) Business name, head office and registration number of the creditor, with the contact address;

2) Number of the cash account, i.e. account of the financial instruments from which the settlement was made;

3) Information identifying the credit claim from which the settlement was made;

4) Total amount of receivables (principal and interest), with data on the settled and not settled amount of receivables (principal and interest);

5) Date of settlement of claims;

6) Legal basis of the claim, i.e. the name of the contract with the date of conclusion;

7) Whether the claim is the subject of a lawsuit and, if yes, the name of the court and file designation.

If, after the settlement of the creditor's claims under the financial collateral contract, in accordance with the law governing financial collateral, the residual value of the funds of collateral, i.e. of the property of the bankruptcy debtor given in the sense of that law, the provisions of the present Law apply to the settlement of claims, i.e. to that property of the bankruptcy debtor and to the taking of actions of the bankruptcy administrator in relation to that property.

Provisions of paragraphs 2-5 of this Article apply mutatis mutandis to creditors who have settled their claims, in whole or in part by netting under another financial contract, in the sense of the law governing financial collateral.

Becoming a Party

Article 51

A bankruptcy debtor shall acquire the status of a party by filing a petition for bankruptcy proceedings.

A creditor shall acquire the status of a party by filing a claim as prescribed by this Law.

Participation in the Proceeding

Article 52

Creditors may, on account of their unpaid claims, participate in bankruptcy proceedings even before they file their claims with the court, in the manner and to the extent prescribed by this Law.

Third Parties

Article 53

Persons who are jointly and severally liable or guarantors and the like may participate in bankruptcy proceedings in the manner prescribed by this Law.

The persons referred to in paragraph (1) of this Article may as bankruptcy creditors request the return of the amount that they paid for the debtor before or after the commencement of the bankruptcy proceeding, if they have a claim for reimbursement against the debtor.

Authorized Expert (Appraiser) and Appraisal

Article 53a

Authorized expert (appraiser) in the bankruptcy proceedings must be a person who has a license to perform the appropriate type of appraisal in accordance with a special law.

In the event that a special law has not been passed for the performance of the appropriate type of appraisal, the tasks of an authorized expert may be executed by a person who possesses the appropriate knowledge and is entered in a list maintained by the competent authority for carrying out appraisals or expert witnessing.

In cases where this Law provides that the appraisal submitted to the court may not be older than 12 months, this condition will be deemed fulfilled even if the applicant, along with the assessment older than 12 months, delivers a written confirmation to the court, not older than 12 months, that that assessment is still up-to-date, issued by the same authorized expert (appraiser).

Rank of Bankruptcy Claim Satisfaction

Article 54

Expenses of bankruptcy proceedings shall be settled from the bankruptcy estate as a matter of priority.

Upon the settlement of such expenses, the costs of the bankruptcy estate shall be settled. Bankruptcy creditors, depending on their claims, shall be classified into ranks. The bankruptcy creditors of lower rank can only be satisfied after the creditors of higher rank.

Bankruptcy creditors of the same rank shall be satisfied in proportion to the amount of their claim.

The rank of bankruptcy claims shall be as follows:

1) The first rank of claims shall comprise unpaid net salaries of employees and former employees, in the amount of the yearly minimum wage for the year before the opening of bankruptcy with interest from due date to the date of opening of bankruptcy and unpaid contributions for pension and disability insurance for two years before the opening of bankruptcy, calculated using as a basis the minimum monthly contribution base in accordance with regulations on compulsory social insurance contributions as at the day of opening of bankruptcy, as well as claims arising from contracts with companies which subject are unpaid contributions for pension and disability insurance for two years before the opening of bankruptcy, calculated using as a basis the minimum monthly contribution base in accordance with regulations on compulsory social insurance contributions as at the day of opening of bankruptcy;

2) The second rank shall comprise all public revenue claims that have become due over the last three months before the opening of bankruptcy, except pension and disability insurance contributions for employees;

3) The third rank shall comprise claims of other bankruptcy creditors;

4) The fourth rank shall comprise claims that arose two years before the opening of bankruptcy proceedings in respect of loans and other legal actions that, in economic terms, correspond to approving loans, in the part in which such loans were not secured, and that were approved to the bankruptcy debtor by persons affiliated with the bankruptcy debtor, in terms of this law, except persons which are, within their regular activities, engaged in providing credits and loans.

Claims of bankruptcy creditors, who agreed, before the opening of the bankruptcy, to be settled only after the full settlement of claims of one or more bankruptcy creditors, shall be settled only after the full settlement of the third payment rank and the full settlement of interest of creditors whose claims have been settled.

IV INITIATING THE BANKRUPTCY PROCEEDINGS AND PRELIMINARY PROCEEDINGS

1. The Petition for Initiating Bankruptcy Proceedings

Authorised Petitioners

Article 55

The bankruptcy proceedings shall be initiated by the petition of the creditor, the bankruptcy debtor, or the liquidator.

The creditor may initiate a bankruptcy proceeding in case of permanent insolvency of the debtor, or noncompliance with the adopted plan of reorganisation, or in case the plan of reorganisation entered into effect in a fraudulent or unlawful manner.

The bankruptcy debtor shall file the petition for bankruptcy if one of the grounds referred to in Article 11(2) of this Law exists.

The liquidator shall file the petition for bankruptcy in cases prescribed by legislation governing the legal status of companies.

Notwithstanding paragraph 1 of this Article, the bankruptcy administrator may not initiate proceedings against business companies that are registered for the production of weapons and military equipment without prior approval of the ministry in charge of defense.

The Form and Content of the Petition to Open Bankruptcy

Article 56

The petition to open bankruptcy proceedings shall be filed with the appropriate court.

The petition to open bankruptcy proceedings shall include:

1) Name of the court to which the petition is submitted;

2) Company name or name and address of the petitioner, or address of the person authorised to receive court papers and represent the petitioner;

3) Company name of the bankruptcy debtor and the information about its contact address;

4) List of bankruptcy and other creditors, along with claim amounts and justification, as well as names and addresses of company stakeholders liable for the debtor's obligations with their assets if the petitioner is the bankruptcy debtor;

5) Facts and accompanying documentation proving type, grounds, and amount of outstanding claim if the petitioner is a creditor;

6) The list of documents attached to the petition for bankruptcy proceedings.

If bankruptcy proceedings are initiated on the proposal of a creditor, a proposal for initiating a bankruptcy procedure may also contain a proposal for appointing a bankruptcy administrator from the list of active bankruptcy administrators for the area of the competent court (name and surname of the proposed bankruptcy administrator and license number).

Treatment of Inaccurate and Incomplete Bankruptcy Petitions

Article 57

If the petition for initiating bankruptcy proceedings does not include all elements stipulated by the law, the bankruptcy judge shall give a notice thereof to the petitioner and set a deadline of no more than eight days, within which period of time the petitioner shall be required to correct the petition and remove the identified deficiencies.

If the petitioner fails to comply with the court order referred to in paragraph (1) of this Article, the bankruptcy judge shall reject the petition for bankruptcy by its ruling in the form of the decision.

In a case referred to in paragraph (2) of this Article, the petitioner shall bear the expenses of the proceeding.

Withdrawing the Petition for Bankruptcy

Article 58

The petition for bankruptcy may be withdrawn until the notice on the opening of the bankruptcy proceedings is posted on the court's bulletin or electronic bulletin board, or until the decision to reject or to refuse the petition for bankruptcy is rendered.

If the petitioner withdraws the petition for bankruptcy, the bankruptcy judge shall suspend the proceeding and the petitioner shall bear the expenses of the proceeding.

Reimbursement of Expenses

Article 59

Within five days from receiving the court order, the petitioner shall be obliged to pay an advance to cover the costs of advertisements and of notifying the creditors from Article 27, paragraph 1(5) of this Law, cost of engaging a bankruptcy administrator, as well as funds necessary to secure the assets, in the amount set by the bankruptcy judge, as well as costs of the registration of information on bankruptcy in the registers kept by the organization responsible for maintaining the register of business entities, in accordance with the

regulations that determine the type, amount and manner of payment of fees for registration and other services provided by the organization responsible for maintaining the register of business entities.

The amount of the advance is determined depending on the classification of a legal person as a micro, small, medium or large legal person, in accordance with the regulations that govern the criteria for classifying legal persons, and may not be higher than:

1) 50,000 dinars for micro legal persons;

2) 200,000 dinars for small legal persons;

3) 600,000 dinars for medium legal persons;

4) 1,000,000 dinars for large legal persons.

If the petitioner does not make the advance payment from paragraph (1) of this Article within the stipulated time period, the bankruptcy judge shall reject the petition for bankruptcy proceedings.

The advance shall be considered an expense of the bankruptcy proceeding and it shall have the priority settlement from the bankruptcy estate, immediately upon establishing that the expenses secured by advance may be settled from the remaining funds of the bankruptcy estate, unless the bankruptcy judge determines that the petition is without proper grounds and that conditions for initiating the bankruptcy proceeding do not exist, in which case the incurred expenses shall be covered, upon the court's order, from the amount paid in advance according to paragraph (1) of this Article.

If the incurred expenses are higher than the amount of the advanced payment of costs from paragraph (1) of this Article, the petitioner whose petition for bankruptcy proceeding was rejected shall be obliged to reimburse the difference in these two amounts within eight days from the receipt of the court order to pay. If the petitioner fails to pay the difference within the set deadline, the bankruptcy judge shall suspend the proceeding and all incurred expenses shall be borne by the petitioner.

If the bankruptcy proceeding is opened, the expenses of the proceeding shall also include expenses of the preliminary bankruptcy proceeding, as well as the expenses of enforced liquidation initiated in accordance with the law governing privatisation.

2. Starting the Preliminary Proceedings

Decision on Starting the Preliminary Proceedings

Article 60

The bankruptcy judge shall render a decision initiating the preliminary bankruptcy proceeding within three days from the day of the receipt of the petition for bankruptcy. The preliminary proceedings are initiated for the purpose of determining the existence of grounds for the opening of the bankruptcy proceeding.

The decision initiating the preliminary bankruptcy proceeding may not be appealed.

The bankruptcy judge shall decide to open the bankruptcy proceeding without the preliminary proceeding if:

1) The bankruptcy debtor submits the petition for initiating the bankruptcy proceeding, accompanied with all required documents;

2) The bankruptcy creditor submits the petition for initiating the bankruptcy proceedings, and the bankruptcy debtor admits to the existence of the reasons for bankruptcy;

3) There is a presumption of permanent insolvency as defined in Article 12 of this Law.

Bankruptcy Debtor's Obligation to Disclose Necessary Information

Article 61

The authorised persons of the bankruptcy debtor, attorneys and the persons who perform the financial duties and audits for the bankruptcy debtor shall provide the bankruptcy judge and the bankruptcy administrator, as required and without delay, with all necessary data or information.

The obligation from paragraph 1 of this Article shall also apply to members of the executive, management and supervisory boards of the bankruptcy debtor whose duty expired at the opening of bankruptcy proceedings, as well as to control members of the company.

Persons from paragraphs 1 and 2 of this Article shall be obliged to, immediately upon request, hand over to the bankruptcy administrator accounting documents, business books, stamps, keys and codes of the bankruptcy debtor, and to hand over or allow access to the accounting software.

The bankruptcy judge may issue an order, against which no appeal is allowed, whereby the bankruptcy debtor, and the persons referred to in paragraphs 1 and 2 of this Article, shall be instructed to, in a determined time period, submit a written report on the economic and financial condition of the bankruptcy debtor, as well as all data or documentation that the bankruptcy judge determines that they are relevant for further proceedings.

If the bankruptcy debtor or the persons referred to in paragraph (1) of this Article fail to act as instructed by the bankruptcy judge, the bankruptcy judge may order and implement coercive measures as provided by this Law.

Persons referred to in paragraph (1) of this Article shall be liable for damages caused to the creditors by withholding any data or information or by withholding the report on the economic and financial position of the bankruptcy debtor or by providing incorrect information in such report.

Banks have a duty to, free of charge, at the request of the bankruptcy administrator, provide the numbers of all foreign and local currency accounts, all local and foreign currency account statements in electronic form, all deposit contracts involving bankruptcy debtor’s funds, as well as all safe deposit box contracts.

Public registries shall be required to, free of charge, at the request of the bankruptcy administrator, submit data on the assets and rights of debtor for a period of up to five years prior to the opening of the bankruptcy proceedings.

Security Measures

Article 62

By the decision to start the preliminary bankruptcy proceedings, the bankruptcy judge shall, ex officio or at the request of the bankruptcy petitioner, impose security measures to prevent changes in the status of the bankruptcy debtor's property and/or destruction of business documentation if there is a risk that the debtor would transfer its property and/or destroy its business documentation before the opening of the bankruptcy proceeding.

The bankruptcy judge may impose one or more measures referred to in paragraph (1) of this Article, such as:

1) Appoint the interim bankruptcy administrator to assume all or part of authorities of the bodies of the debtor;

2) Prohibit payments from the bankruptcy debtor's account without the consent of the bankruptcy judge or the temporary bankruptcy administrator, if at the moment of passing of the decision referred to in paragraph 1 of this Article the bankruptcy debtor's accounts are not blocked due to enforcement of the basis and order for enforced collection with an organization which carries out the enforcement procedure;

3) Prohibit any transactions involving the debtor's property or allow the debtor to make such transactions only with prior consent of the bankruptcy judge or the interim bankruptcy administrator;

4) Prohibit or temporarily postpone enforcement against the debtor's property, including any prohibition or temporary postponement affecting the exercise of rights of secured and lien creditors.

If, at the time of rendering of the decision referred to in paragraph 1 of this Article, the accounts of the bankruptcy debtor are blocked for the purpose of enforcement of the basis and order for enforced collection with the organization that implements the enforced collection procedure, the bankruptcy judge may, by a decision referred to in paragraph 1 of this Article, provide that the payments from the account are allowed only with the consent of the bankruptcy judge or a temporary bankruptcy administrator.

If it has imposed the measure referred to in paragraph 3 of this Article, the bankruptcy judge determines by the decision referred to in paragraph 1 of this Article the purposes for which payments may be made from the bankruptcy debtor's account with the consent of the bankruptcy judge or the temporary bankruptcy administrator.

The measure referred to in paragraph 2, item 4) of this Article may be imposed only if the court has also imposed the measure referred to in paragraph 2, item 2) of this Article, i.e. the measure referred to in paragraph 3 of this Article.

The accounts of the bankruptcy debtor which have been blocked on the day of submitting a motion for initiation of bankruptcy proceedings in order to enforce the basis and order for enforced collection with the organization that implements the enforced collection procedure or have been blocked during the preliminary bankruptcy proceeding, remain blocked until the end of the preliminary bankruptcy procedure, unless the bankruptcy debtor settles all the matured obligations on the basis of which these accounts have been blocked.

If the prohibition of the transactions referred to in paragraph 2(3) of this Article is breached, the provisions of this Law pertaining to legal consequences of breaching of the prohibition of transactions after the opening of the bankruptcy proceedings shall be applied.

Measures referred to in paragraphs 2 and 3 of this Article shall apply until the conclusion of the preliminary bankruptcy proceedings and the bankruptcy judge may condition or revoke them at any time.

Measures referred to in paragraphs 2 and 3 of this Article may be abolished or modified in the manner and under the conditions prescribed by this Law for the abolishment or conditioning of the prohibition on enforcement.

The measures of collateral referred to in this Article may not be imposed against the funds in the account, i.e. against the property of the bankruptcy debtor which is given to the recipient of the collateral in the sense of the law governing financial collateral.

Publicity of Security Measures

Article 63

The decision instating a security measure referred to in Article 62, paragraphs 2 and 3 of this Law shall be publicised by being placed on the court's bulletin or electronic bulletin board and delivered to the business register, or such other appropriate register which must, without delay, register the measures instated. The contents of the measures entered into the register shall be published on the website of the register.

If the decision referred to in paragraph (1) of this Article instates the measure of banning the cash payments from accountsor the measure referred to in Article 62, paragraph 3 of this Law, the decision instating such measures shall be delivered, on the same day, to the organisation performing the enforced collection which shall notify thereof, without delay, all commercial banks, with a view to preventing the transfers and other transactions of the bankruptcy debtor that are contrary to the provisions of this Law, i.e. in order to enable payments in accordance with the provisions of Article 62, paragraph 2, item 3) or Article 62, paragraph 3 of this Law.

Provision of Public Utility Services

Article 64

Legal entities providing public utility or telecommunications services, or supplying electricity, gas or other forms of energy (hereinafter: "public utility services"), may not cease providing such services based upon unpaid prebankruptcypetition debts.

The bankruptcy debtor must regularly pay its current liabilities against the services from paragraph (1) of this Article, from the bankruptcy petition filing date.

Upon written request of the legal entity from paragraph (1) of this Article, the bankruptcy judge may require the debtor to deposit a portion of its funds with the court to ensure the payment of services provided by such legal entity after the bankruptcy petition was filed. The amount transferred to this account may not exceed one month's payment for utility services provided to the debtor by the corresponding company based upon the calendar month preceding the bankruptcy petition filing date.

Interim Bankruptcy Administrator in Preliminary Bankruptcy Proceedings

Article 65

The bankruptcy administrator appointed in the preliminary proceedings must meet conditions for appointment as bankruptcy administrator.

Authorities of the Interim Bankruptcy Administrator

Article 66

If a security measure banning the transactions with the debtor's property was instated, the authority to make transactions is transferred to the interim bankruptcy administrator who has a duty to preserve and maintain the property and continue to conduct the debtor's business, unless the bankruptcy judge orders an abeyance on operating the business.

The interim bankruptcy administrator shall enjoy such powers as set out in the decision on his appointment. The powers of the interim administrator shall cease to be effective upon the adoption of the decision opening the bankruptcy proceeding.

The bankruptcy administrator appointed in a preliminary bankruptcy proceeding shall be obliged to file a report on his work containing data on the economic and financial position of the bankruptcy debtor and results of his performance in the preliminary bankruptcy proceeding.

Duration of Preliminary Bankruptcy Proceedings

Article 67

Preliminary bankruptcy proceedings may not last longer than 30 days from the date of the filing of a bankruptcy petition by the authorised petitioner.

V OPENING OF BANKRUPTCY PROCEEDINGS

1. Hearings Prior to Opening of Bankruptcy

Hearing on the Opening of Bankruptcy

Article 68

Where the court has commenced preliminary proceeding, the bankruptcy judge shall schedule a hearing for discussion whether the grounds for opening a bankruptcy proceeding exist not later than 30 days from the receipt of the petition to open bankruptcy proceeding.

If the bankruptcy judge does not rule on initiating preliminary bankruptcy proceeding, the bankruptcy judge shall schedule a hearing for discussion whether the grounds for opening a bankruptcy proceeding exist within ten days of the receipt of the petition.

The petitioner, bankruptcy debtor and bankruptcy administrator if one was appointed in the preliminary proceedings shall be invited to this hearing.

Decision on Opening the Bankruptcy Case

Article 69

The bankruptcy judge shall open the bankruptcy proceeding by rendering the decision to open bankruptcy proceeding accepting the petition for bankruptcy.

The bankruptcy judge shall decide to reject the petition for bankruptcy proceeding if he finds that the conditions for the opening of bankruptcy have not been met. The decision rejecting the petition shall also determine who shall bear the expenses of the preliminary proceeding.

The decision referred to in paragraphs (1) and (2) of this Article shall be rendered at the hearing on opening the bankruptcy proceeding.

The bankruptcy judge shall submit the decision referred to in paragraph 2 of this Article, once it becomes final, to the competent registry for registration of deletion of security measures, if the security measures were imposed by the decision on initiation of the preliminary bankruptcy proceedings, within a period not longer than three days from the day the decision became final.

Content of the Decision on Opening the Bankruptcy Proceeding

Article 70

The decision on opening the bankruptcy proceeding shall contain the following:

1) Name and official address of the court issuing the decision on opening the bankruptcy proceeding;

2) Registration number, business name and registered office of the bankruptcy debtor;

3) Grounds for bankruptcy;

4) Decision on the appointment of a bankruptcy administrator, his/her name, surname, and address;

5) Invitation to creditors to submit their secured and unsecured claims within a period of time which may not be shorter than 30 or longer than 120 days from the date of publication of the notice on opening of bankruptcy proceeding in the "Official Gazette of the Republic of Serbia";

6) Invitation to debtors of the bankruptcy debtor to meet their obligations toward the bankruptcy estate;

7) Date, time and location of the claims investigation hearing;

8) Date, time and location of the first creditors' hearingwhen the first meeting of the creditors' assembly is also held;

9) Date of posting of notice on court's bulletin board.

The opening of the bankruptcy proceeding shall be registered into the appropriate register based on the decision on opening the bankruptcy proceeding.

Service of Decision and Publication of Announcement

Article 71

The decision on the opening of the bankruptcy proceeding shall be served, on the same day it was rendered, to the debtor, the authorised petitioner, the organisation carrying out the enforced collection procedure, the business register or other appropriate register, as well as to other persons if the court estimates that there is a need for such service of the decision.

The announcement on the opening of the bankruptcy shall be drafted by the bankruptcy judge immediately after rendering the decision.

The announcement on the opening of the bankruptcy shall be published on the court's bulletin or electronic bulletin board, in one high circulation daily newspapers distributed on the entire territory of the Republic of Serbia, and in the "Official Gazette of the Republic of Serbia", it may also be published in other Serbian or foreign media.

The announcement on the opening of the bankruptcy case shall contain all information from the decision opening the bankruptcy and other data of importance to creditors.

2. Hearings after the Opening of Bankruptcy

Scheduling the Investigation Hearing and First Creditors' Hearing

Article 72

By the decision opening bankruptcy proceeding the bankruptcy judge shall schedule a hearing for the purpose of investigating the claims (hereinafter: "investigation hearing") and the first creditors' hearing.

The investigation hearing shall be held within the time period of not less than 30 or more than 60 days from the final day of the term set in the decision on the submission of claims.

The first creditors' hearing shall be held in accordance with the provisions of Article 36 of this Law.

3. Effective Date of Legal Consequences of Opening Bankruptcy

Effectuation of Legal Consequences

Article 73

Legal consequences of opening a bankruptcy proceeding shall take effect on the date of publication of the announcement on opening the bankruptcy proceeding on the court's bulletin board.

If the decision on the opening of the bankruptcy proceedings has been cancelled upon appeal, and in the repeated procedure the bankruptcy proceedings have been opened, the legal consequences of the opening of the bankruptcy proceedings start on the day when the first decision was displayed on the bulletin board of the court.

In the event of cancellation of the decision on the opening of bankruptcy proceedings, the bankruptcy administrator continues to perform the position of a temporary bankruptcy administrator who takes over all powers of the bankruptcy debtor's bodies until a new decision is made on the proposal for opening of a bankruptcy proceeding.

Legal consequences of opening of the bankruptcy proceeding shall not take effect in case of simultaneous opening and suspension of the bankruptcy proceeding under a prepackaged reorganisation plan.

4. Consequences of Opening the Bankruptcy Case Pertaining to the Debtor

Transfer of Rights and Duties onto the Bankruptcy Administrator

Article 74

As of the day of the opening of the bankruptcy case the representation and management rights of the director, representative, or attorney, as well as the management and supervisory bodies of the debtor shall cease and shall be transferred onto the bankruptcy administrator.

Transactions concerning the disposal of assets and rights included in the bankruptcy estate that the debtor concludes after the day of opening of bankruptcy shall have no legal effect, except for those transactions to which general rules of reliability of public books apply, in which case the other party shall be entitled to require a counteract from the bankruptcy estate as the bankruptcy creditor.

The opening of bankruptcy proceedings shall terminate the powers of attorney issued by the debtor concerning the assets that are included in the bankruptcy estate.

Pre-Emptive Rights

Article 75

Any previous preemptive rights relating to the assets of the bankruptcy debtor shall be extinguished at the time the bankruptcy is opened.

If the holder of a preemptive right effects a prestation to the debtor against such right, the holder may claim the amount of such prestation as a bankruptcy creditor.

If the bankruptcy proceeding is suspended due to the adoption of the reorganisation plan, and the assets which were subject to the preemptive right have not been sold, the pre-emptive right shall be reestablished.

Statement of Inheritance

Article 76

If the debtor has obtained an inheritance after the opening of bankruptcy, the bankruptcy administrator shall be authorised to make the official inheritance statement.

Termination of Employment

Article 77

The opening of the bankruptcy proceeding shall be deemed a cause for terminating employment contracts between the debtor and its employees.

The bankruptcy administrator shall decide on terminating employment contracts referred to in paragraph (1) of this Article and shall inform of the termination of the employment contract the appropriate authority or employment organisation where the debtor's registered office is situated.

The bankruptcy administrator may employ, apart from keeping certain number of employees at work, other persons when necessary to complete business that has been initiated, or to conduct bankruptcy proceedings, with the consent of the bankruptcy judge.

The earnings and other compensations of persons referred to in paragraph (3) of this Article, which are determined by the bankruptcy administrator upon the consent of the bankruptcy judge, shall be settled from the bankruptcy estate, as the expense of the bankruptcy estate.

Company Name of the Bankruptcy Debtor

Article 78

The designation "in bankruptcy" shall be added to the business name of the bankruptcy debtor.

Accounts of the Bankruptcy Debtor

Article 79

Organisation for enforced collection shall, immediately upon the receipt of the decision from Article 71(1) of this Law, deliver such decision to all banks in order to prevent the transfers and other transactions of the bankruptcy debtor that are contrary to the provisions of this Law.

On the date of opening of the bankruptcy proceeding the bank shall block the accounts of the debtor, thereby terminating the rights of persons authorised to dispose of assets on those accounts.

Upon the request of the bankruptcy administrator, the bank shall open a new account through which the business of the debtor shall operate.

Financial assets on the accounts of the bankruptcy debtor that have been blocked shall be transferred, upon the request of the bankruptcy administrator, onto a new account, while the blocked accounts shall be closed.

The provisions of paragraphs 2 and 4 of this Article do not apply to funds on the account of the bankruptcy debtor that constitute a security instrument in the sense of the law governing financial collateral.

5. Consequences of Opening Bankruptcy Pertaining to Claims

Claims of Creditors

Article 80

Bankruptcy creditors may satisfy their claims against the debtor only through bankruptcy proceedings.

Upon the opening of the bankruptcy proceeding, secured creditors may satisfy their claims only through bankruptcy proceedings, except where the decision abolishing the prohibition on enforcement and collection has been rendered in accordance with this Law.

Excluding creditors may satisfy their claims through any judicial or other procedures.

Claims against the Bankruptcy Debtor Becoming Due

Article 81

Creditors' claims in relation to the debtor that have not become due shall be deemed due as of the date of opening of the bankruptcy.

All monetary and nonmonetary claims against the bankruptcy debtor relating to incidental payments shall become oneoff claims as of the day of opening of the bankruptcy proceeding. As of the day of opening of the bankruptcy proceeding non monetary claims shall be converted to monetary values.

Foreign currency claims shall be converted into dinars at the official middle exchange rate of the National Bank of Serbia as of the day of opening of bankruptcy.

Right to Offset Claims in Bankruptcy

Article 82

If a creditor has acquired the right to offset his claim against the debtor with the debtor's claim against such creditor before the petition to open bankruptcy proceedings was filed, the opening of bankruptcy proceedings shall not constitute grounds for the loss of the right to offset such claim.

The creditor shall be obliged to file its claim and a statement of offset with the court before the expiry of the deadline for filing claims; otherwise it shall lose the right to offset.

The netting based on premature maturity or cessation of obligations *(close-out netting)* on the basis of a contract on financial collateral or other financial contract in the sense of the law regulating financial collateral, is governed by the provisions of that law.

Cases where Offsetting is not Permitted

Article 83

Offsetting shall not be permitted if:

1) The claim was ceded to the bankruptcy creditor within a period of six months before the petition to open bankruptcy was filed, and the creditor knew or ought to have known that the debtor is insolvent or overindebted;

2) The creditor acquired the right to offset through a voidable transaction.

Exceptionally to paragraph 1(1) of this Article, offsetting shall be allowed if the claim in question was ceded in relation to fulfilment of unfulfilled contracts, or was restored its legal effect by the successful voiding of a legal transaction or other action of the bankruptcy debtor.

Conversion of Claims of the Bankruptcy Debtor

Article 84

Nonmonetary claims of the bankruptcy debtor against third parties shall be included in the bankruptcy estate and shall be quoted in monetary value on the day of opening of the bankruptcy proceedings.

Foreign currency claims against the bankruptcy debtor shall be quoted in that currency and calculated in the dinar equivalent at the official middle exchange rate of the National Bank of Serbia as of the day of opening of the bankruptcy proceeding.

Interest

Article 85

Interest accruing on unsecured claims pursuant to an underlying contract upon which the claim is based, as well as default interest, shall cease to accrue on the date of filing for bankruptcy.

Contractual and default interest on secured claims shall accrue, but only up to the value of the proceeds of the collateral.

The bankruptcy judge shall approve calculation and payment of interest to bankruptcy creditors for the period after the opening of bankruptcy if after the settlement of all claims there are enough assets to do so. The judge may also approve the calculation and payment of interest of secured creditors not settled from the proceeds of sale of the secured asset.

The interest referred to in paragraph (3) of this Article shall be calculated in accordance with legislation determining the statutory default interest referred to in obligations law, whereby the interest shall be paid out to all bankruptcy creditors in proportion, regardless of the payment rank.

Any provisions in the underlying contract that invoke penalties, increased interest rates, or any other punitive measure based solely upon the debtor's default, insolvency, or the commencement of the bankruptcy proceeding, shall be deemed void for purposes of computation of the claim in bankruptcy.

The bankruptcy debtor or the bankruptcy administrator shall be entitled to restore contract or other agreement terms to their original predefault or prebankruptcy state for purposes of performing the contract in reorganisation.

Statute of Limitations

Article 86

The term of statute of limitations shall be halted by filing claims against the debtor.

The term of statute of limitations applicable to the claims of the debtor against its debtors shall be suspended on the date of opening of the bankruptcy proceeding and shall not run for a year counting from the date when bankruptcy was opened.

Conditional Claims

Article 87

A creditor whose claim is under a suspensive condition shall be provided with adequate funds from the bankruptcy estate.

If the suspensive condition does not arise until the decision on the main distribution of the bankruptcy estate has become final, the claims relating to the suspensive condition shall cease to exist, and the funds shall be distributed to other creditors, in proportion to the value of their claims.

The claims under a resolutory condition shall be taken into account in distributing the bankruptcy estate if the creditor provides security guaranteeing that he will return what he has received from the bankruptcy estate as soon as the resolutory condition takes effect. If the resolutory condition does not emerge until the decision on the final distribution of the bankruptcy estate becomes final, the condition shall be deemed not to have existed.

6. Procedural Consequences of Opening Bankruptcy

Suspension of Proceedings

Article 88

As of the entry into effect of legal consequences of opening of bankruptcy, all judicial proceedings against the bankruptcy debtor and its assets shall be suspended, as shall all administrative proceedings initiated at the request of the bankruptcy debtor and the administrative and tax proceedings with respect to establishing the pecuniary obligations of the bankruptcy debtor.

Resumption of Proceedings

Article 89

The judicial proceeding referred to in Article 88 of this Law where the bankruptcy debtor appears as the plaintiff or the petitioner shall resume once the bankruptcy administrator notifies the appropriate court that he/she has assumed the proceeding.

The administrative proceeding referred to in Article 88 of this Law initiated at the request of the bankruptcy debtor shall resume once the bankruptcy administrator notifies the appropriate body that he/she has assumed the proceeding.

The administrative or tax proceedings with respect to establishing pecuniary obligations of the bankruptcy debtor shall not resume and the appropriate authorities shall file their claims in accordance with this Law.

Article 90

Litigation where the bankruptcy debtor appears as the defendant shall continue if:

1) The bankruptcy or secured creditor, as plaintiff, has filed an orderly claim in a timely manner;

2) The bankruptcy administrator has contested the claim at the investigation hearing;

3) The bankruptcy or secured creditor, as plaintiff, has been instructed by the conclusion of the bankruptcy judge to resume suspended litigation to establish a contested claim;

4) The bankruptcy or secured creditor, as plaintiff, has proposed the resumption of a suspended proceeding within eight days from the receipt of the bankruptcy judge's conclusion referred to in item (3) above.

Article 91

If not all conditions set out in Article 90 of this Law have been met, the court conducting the litigation proceeding shall rule to reject the motion for the resumption of a suspended proceeding.

If all conditions set out in Article 90 of this Law have been met, the court conducting the litigation proceeding shall render a decision to resume the proceeding and such decision shall be unappealable.

If suspended litigation was conducted in a court of general jurisdiction, and such litigation resumes, the court in question shall rule to declare itself not competent both in rem and territorially and shall cede the case to the court conducting bankruptcy proceeding against the defendant.

If suspended litigation was conducted in a commercial court other than the one conducting bankruptcy proceeding against the defendant, and such litigation resumes, the court in question shall rule to declare itself territorially not competent and shall cede the case to the court conducting bankruptcy proceeding against the defendant.

No appeal shall be allowed against the decisions referred to in paragraphs (3) and (4) of this Article.

Article 92

If the plaintiff does not amend the complaint by substituting an establishing for a binding claim, the appropriate court shall resume the proceeding and reject the claim as unallowable.

Prohibition of Enforcement and Collection

Article 93

From the day of opening of the bankruptcy proceeding no execution proceeding or any other measure of enforcement may be applied against the debtor or its assets for the purpose of settling the claims, except the enforcement relating to liabilities of the bankruptcy estate and expenses of the bankruptcy proceeding.

Proceedings referred to in paragraph1 of this Article that are ongoing shall stay.

On the day of issuing of the decision on the conclusion of a bankruptcy proceedings, the proceedings referred to in paragraph 1 of this Article shall be suspended.

Failing to Provide Adequate Protection or Reducing Property Value

Article 93a

In the event of imposing a measure of ban on enforcement and settlement referred to in Article 62, paragraph 2 of this Law, or in the event of a ban on enforcement and settlement referred to in Article 93, paragraph 1 of this Law, the bankruptcy debtor i.e. bankruptcy administrator is obliged to provide adequate protection of the property in a manner which will ensure that the value and condition of the property remain unchanged.

The bankruptcy judge, at the proposal of the bankruptcy administrator, secured creditor or lien creditor who proves that his claim, secured by a pledge right, has become due partly or in full, issues a decision on termination of the security measure referred to in Article 62, paragraph 2, item 4) of this Law or prohibition of enforcement and settlement referred to in Article 93, paragraph 1 of this Law, in relation to the property that is the subject matter of security interest, for a period of nine months starting from the day of publication of the announcement referred to in Article 93c paragraph 1 of this Law, if:

1) The bankruptcy debtor or the bankruptcy administrator did not adequately protect the property in question, which is the subject of secured i.e. lien right, so that its security is at risk or

2) The value of the property in question decreases, and there is no other possibility to provide adequate and effective protection against the reduction in the value of the property.

Instead of the decision to cancel the security measure or the prohibition of enforcement and settlement referred to in paragraph 2 of this Article, the bankruptcy judge may reach a decision to adequately protect the property that is the subject of a secured i.e. pledge right by imposing one or more of the following measures:

1) Payment of regular monetary compensations to a secured creditor, the amount of which is equal to the amount for which the value of the property is reduced or compensations for actual or projected losses;

2) Replacement of property or determination of additional property that will be the subject of a secured i.e. pledge right, in a manner to compensate for a decrease in value or loss;

3) Payment of part of the proceeds obtained through usage of property which is the subject of a secured i.e. pledge right to a secured i.e. lien creditor, up to the amount of his secured claim or the handover of funds obtained by disposing of this property, if the property was disposed of by the bankruptcy debtor before or during the preliminary bankruptcy proceedings;

4) Repair, maintenance, insurance or measures of special securing and custody of property;

5) Other protective measures or other types of compensations for which the bankruptcy judge considers that they shall protect the value of the assets of the secured creditor.

Property not Relevant to Reorganization i.e. Sale of a Legal Person

Article 93b

Bankruptcy judge, upon a proposal of a secured creditor or a lien creditor who proves that his claim, secured by a pledge, has become due in part or in whole, which contains an estimate of the value of the property that is the subject of the secured i.e. pledge right, made by an authorized expert (appraiser), which is not older than 12 months, renders a decision to terminate the security measures referred to in Article 62, paragraph 2, item 4) of this Law, or

the prohibition of enforcement or settlement referred to in Article 93, paragraph 1 of this Law, in relation to that property for a period of nine months starting from the day of publication of the announcement referred to in Article 93c, paragraph 1 of this Law, if the value of the property in question is lower than the amount of the secured claim of that creditor.

The bankruptcy judge shall not render the decision to terminate the security measure i.e. prohibition of enforcement and settlement referred to in paragraph 1 of this Article if the bankruptcy administrator proves that the property in question is of key importance for the reorganization i.e. sale of the bankruptcy debtor as a legal person.

Joint Provisions for Termination of Security Measure i.e. Prohibition of Enforcement and Settlement

Article 93c

Bankruptcy judge renders a decision on the proposal from Articles 93a and 93b of this Law, within 15 days from the day of receipt of the proposal. In the event of termination of the security measure i.e. prohibition of enforcement and settlement, the bankruptcy judge, upon finality of that decision, publishes an announcement on the termination of the security measure or prohibition of enforcement and settlement by mutatis mutandis application of Article 71, paragraph 3 of this Law. The proposer is obliged, upon court's order, to advance the costs of publishing this announcement; otherwise the court will reject the proposal.

The bankruptcy administrator, the creditors' committee and the secured i.e. lien creditor who has a secured, i.e. pledge right on the property that is the subject of the decision referred to in paragraph 1 of this Article, are entitled to appeal that decision.

Persons associated with the bankruptcy debtor within the meaning of Article 125 of this Law are not entitled to submit the proposal referred to in Articles 93a and 93b of this Law, except persons who, within their regular business, deal with the granting of credit facilities and loans.

Upon finality of the decision on the termination of the security measure i.e. prohibition of enforcement and settlement referred to in paragraph 1 of this Article, the bankruptcy administrator shall not have the right to dispose in any way with the property that is the subject of the decision, including leasing or burdening such property.

In the event that the advertisement for the sale of the property which is the subject of the proposal referred to in Articles 93a and 93b of this Law is published, the time limit referred to in paragraph 1 of this Article shall begin to run following the unsuccessful end of that sale procedure.

Possible contesting of the claim or denial of a secured i.e. pledge right by the bankruptcy administrator, as well as the filing of a lawsuit to determine the existence of a claim or the existence of a secured i.e. pledge right, does not affect the right of the secured i.e. lien creditor to propose to the court to cancel the security measure, i.e. prohibition of enforcement and settlement in accordance with Articles 93a and 93b of this Law.

Consequences of the Failure to Cash in the Property by Secured i.e. Lien Creditor

Article 93d

In the event that the secured i.e. lien creditor fails to cash in the property that is the subject of the decision on cancellation of the security measure, i.e. prohibition of enforcement and settlement referred to in Articles 93a and 93b of this Law, within nine months from the finality of that decision, the bankruptcy judge will ex officio issue a decision stating that the measure of prohibition of enforcement and settlement in relation to that property has been restored.

At the proposal of a secured i.e. lien creditor submitted before the expiration of the time limit referred to in paragraph 1 of this Article, the bankruptcy judge shall extend the time limit referred to in paragraph 1 of this Article once in three months, if the secured i.e. lien creditor submits evidence that an announcement for the sale of the property referred to in paragraph 1 of this Article has been published within the cashing in procedure.

Upon finality of the decision referred to in paragraph 1 of this Article, the bankruptcy administrator gains the right to sell and dispose of property in accordance with the provisions of this Law.

7. Consequences of Opening Bankruptcy Pertaining to Legal Transactions

The Right of Choice in Case of Bilaterally Binding Contracts

Article 94

If the debtor and its counterpart did not, before the opening of bankruptcy, fulfil obligations arising from a mutually binding contract in its entirety, the bankruptcy administrator may, on behalf of the debtor, execute the contract and demand from the other party to fulfil its obligations.

If the bankruptcy administrator does not accept the fulfilment of the contract, the other party may pursue his/her claim as a bankruptcy creditor.

If the other party to the contract invites the bankruptcy administrator to state its position on fulfilling the contract, the bankruptcy administrator shall be obliged to inform the other party in writing, within 15 days of the receipt of such invitation, of whether he intends to fulfil the contract.

If the bankruptcy administrator upholds the contract but ceases fulfilment in the course of the bankruptcy proceeding, any claims arising from the contract shall be considered a liability of the bankruptcy estate.

Provisions of this Article shall apply to all bilaterally binding contracts, unless other conditions for certain contracts are prescribed by this Law.

The provisions of this Article do not apply to contracts whose subject is a financial obligation the execution of which is provided by a contract on financial collateral, i.e. to contract on financial collateral in the sense of the law governing financial collateral, if those contracts provide that the existence of a bankruptcy cause, filing a motion to initiate a bankruptcy procedure or to open a bankruptcy procedure constitute an automatic basis for termination of that contract or grounds for termination at the request of the contracting party of the bankruptcy debtor.

The provisions of paragraph 6 of this Article apply mutatis mutandis to other financial contracts in the sense of the law governing financial collateral, and in connection with the settlement of claims by netting, in accordance with that law.

Financial Leasing

Article 95

Where a lessee is subject to bankruptcy proceedings, lessor shall file a request for the exclusion of the leased asset from the bankruptcy estate, under the conditions of this Article.

The prohibition of enforcement and collection referred to in Article 93 of this Law shall accordingly apply to the exercise of the lessor's rights to exclusion of the leased asset from bankruptcy until the decision on liquidation of the debtor is rendered, or until the adopted plan of reorganisation is confirmed. Bankruptcy debtor's obligations towards the lessor which become due upon the opening of bankruptcy shall be deemed an expense of the bankruptcy estate.

If the bankruptcy debtor or the bankruptcy administrator failed to adequately protect the leased asset so that its safety is at risk, the lessor may request the suspension of security measures, or the abolishment of the prohibition of enforcement and collection.

Ruling on the request referred to in paragraph (3) of this Article shall be subject to Articles 93a and 93c of this Law.

Upon the proposal of the bankruptcy administrator, the bankruptcy judge may order the surrender to the lessor of the leased asset that is not of crucial importance for the reorganisation of the bankruptcy debtor even before the decision on liquidation has been issued, or before the reorganisation plan has been adopted.

Where the decision to liquidate the debtor is rendered, the lessor shall have the right to have the leased asset excluded from the estate and the bankruptcy judge shall, without delay, rule on the request referred to in paragraph (1) of this Article. If the request for exclusion is accepted, the bankruptcy administrator shall be required to surrender the leased asset to the lessor without delay, but not later than 30 days of the decision on liquidation; otherwise the lessor may exercise its rights to possession and enforcement under the lease agreement and applicable law. Exceptionally, the bankruptcy judge may, upon the request of the bankruptcy administrator and with the consent of the creditors' committee, decide to refuse the request for exclusion and order payment of the full amount of the agreed lease fee. Upon failure to make such payment within 30 days from the decision on liquidation, the lessor may exercise its rights to possession and enforcement under the lease agreement and applicable law.

In case of reorganisation, the bankruptcy debtor or administrator shall be required to surrender the leased asset to the lessor within eight days of the day the adopted reorganisation plan is confirmed, unless the adopted plan provides for the continuation of the use of the leased asset and payment of lease fees in accordance with the lease agreement.

Upon failure by the bankruptcy debtor or administrator to surrender the leased asset as required under paragraph (7) of this Article, or to fulfil the lease agreement after the adopted plan of reorganisation is confirmed, the lessor may exercise its rights to possession and execution under the lease agreement and applicable law.

Fixed Transactions

Article 96

If, under a fixed contract, an obligation was to have been fulfilled after the opening of bankruptcy, the bankruptcy debtor's counterpart may not demand execution of the contract, but may demand compensation on account of the default, as a bankruptcy creditor.

The compensation for the default referred to in paragraph (1) of this Article shall be set as the difference between the stipulated and the market price valid for fixed contracts in the place of execution on the day of opening bankruptcy proceedings.

The provisions of this Article do not apply to contracts the subject of which is a financial obligation whose performance is secured by a financial collateral contract, i.e. to financial collateral contracts within the meaning of the law governing financial collateral.

The provisions of paragraph 3 of this Article apply mutatis mutandis to other financial contracts in the sense of the law regulating financial collateral, and in connection with the settlement of claims by netting, in accordance with that law.

Application of Rules to Other Transactions with a Stipulated Deadline

Article 97

Provisions of Articles 94 and 96 of this Law shall apply accordingly if the subject of the contract is services such as: delivery of securities, delivery of precious metals, monetary obligations in foreign currency and the like, and the stipulated time or the deadline for the execution of the contract has expired after the opening of bankruptcy.

Orders and Offers

Article 98

An order issued by the bankruptcy debtor shall become ineffective on the day of opening of the bankruptcy proceeding, unless decided otherwise by the bankruptcy administrator.

Offers made to, or by, the debtor that were not accepted by the day of opening of bankruptcy shall cease to be valid on the day of opening of bankruptcy, unless decided otherwise by the bankruptcy administrator.

Lease of Real Estate

Article 99

The leases of real estate shall not cease upon the opening of bankruptcy.

The bankruptcy debtor's counterpart may exercise its rights acquired before the opening of the bankruptcy proceeding against the debtor only as a bankruptcy creditor.

The bankruptcy administrator may cancel the lease agreement irrespective of the term of the rental stipulated by the law or the agreement, with a 30 days cancellation notice. The amount of the claim for damage caused by this cancellation shall be limited to a maximum amount of six month's lease payments.

The bankruptcy debtor's counterpart may not cancel the lease agreement due to a delay in paying the rent or to an aggravation of the debtor's financial situation after the petition for opening bankruptcy proceedings has been filed.

If the lease agreement remains in force, the bankruptcy debtor shall be required to pay regularly the agreed rent, and the claims arising from such agreement shall be considered a liability of the bankruptcy estate.

If bankruptcy was opened before the bankruptcy debtor took possession of the real estate as lessee, the bankruptcy administrator and the debtor's counterpart may desist from the rental agreement within 30 days from the day of opening of the bankruptcy proceeding, with the provisions of paragraphs 3-5 of this Article shall apply upon the expiry of this time period.

The bankruptcy administrator may lease the property of the bankruptcy estate, but no longer than until the date of sale of the property in question.

Goods in Transit

Article 100

The bankruptcy debtor's counterpart, or a seller or his commission agent, to whom the price has not been paid in full, may request that the goods that have been dispatched to the bankruptcy debtor from another place, without reaching the point of destination by the date of opening of the bankruptcy proceeding, i.e. without the bankruptcy debtor taking them over, be returned to him - the right to demand return.

If the bankruptcy debtor has taken over the goods that have arrived at their destination before the opening of the bankruptcy proceedings, only for the purpose of preserving them, the seller shall not be entitled to demand return, but may exercise its rights as an excluding creditor according to general rules.

VI BANKRUPTCY ESTATE

1. The Scope and Content of the Bankruptcy Estate

Concept of Bankruptcy Estate

Article 101

The bankruptcy estate shall comprise all assets of the bankruptcy debtor in Serbia and abroad on the day of opening of bankruptcy, as well as assets acquired by the bankruptcy debtor during the bankruptcy.

Provisions of this Law governing crossborder bankruptcy shall apply to assets of a bankruptcy debtor located abroad if such assets are subject to foreign proceedings.

Excluding Rights and Compensation for Excluding Rights

Article 102

If the excluding right is registered in a land register or another public book or register, the burden of proving that assets such rights pertain to are part of the bankruptcy estate shall be on the debtor.

If an asset which is subject to excluding right has been illegally transferred by the bankruptcy debtor prior to the opening of bankruptcy, the excluding creditor may request that the right to recover the illegal conveyance be transferred to him, if the recovery has not yet been completed. Otherwise, the excluding creditor shall be entitled to a compensation for damage as a bankruptcy creditor.

If an asset which is subject to excluding right has been illegally disposed by the bankruptcy debtor during the bankruptcy proceedings, or preliminary bankruptcy proceedings, the excluding creditor may request that the right to the consideration shall be transferred to him, if such consideration has not yet been given, or to request that the consideration from the bankruptcy estate, if such consideration may still be excluded, or to request indemnification in the amount of the market value of such consideration and compensation of damages, which shall be settled as a liability of the bankruptcy estate.

Costs of Bankruptcy Proceedings

Article 103

The costs of bankruptcy proceedings shall comprise:

1) Judicial costs of bankruptcy proceedings;

2) Award and reimbursement of expenses of the bankruptcy administrator and/or the interim bankruptcy administrator;

3) Other expenses specified by the law to be settled as costs of bankruptcy proceedings.

Liabilities of the Bankruptcy Estate

Article 104

Liabilities of the bankruptcy estate shall comprise the liabilities:

1) Caused by actions of the bankruptcy administrator or otherwise, through the management, realisation and distribution of the bankruptcy estate, which cannot be categorised as expenses of the bankruptcy proceedings;

2) Arising from mutually binding contracts if the fulfilment of such contracts is required of the bankruptcy estate or must ensue after the opening of bankruptcy;

3) Arising from unauthorised enrichment of the bankruptcy estate, including and as a result of null and void legal transactions;

4) Towards the debtor's employees arising after the opening of bankruptcy;

5) Arising on the basis of a credit facility i.e. loan taken pursuant to Article 27, paragraph 2, or Article 157, paragraph 1, item 10) of this Law, and the creditor from such transaction shall have the obligation to inform the bankruptcy administrator within 30 days from the day of publication announcement of the opening of bankruptcy in the "Official Herald of the

Republic of Serbia" about the existence and the amount of such obligations, otherwise he shall not have the right to interest on that claim for the period of duration of the bankruptcy proceedings.

Liabilities referred to in paragraph (1) of this Article incurred during the preliminary bankruptcy proceedings shall also be considered liabilities of the bankruptcy estate if the main proceeding is initiated.

2. Administering Assets and Rights

Taking Over the Bankruptcy Estate

Article 105

After the opening of the bankruptcy proceeding, the bankruptcy administrator shall take possession of all assets included in the bankruptcy estate and administer them.

If a third party at any stage of the proceedings refuses to hand over the assets that are part of the bankruptcy debtor's property, the bankruptcy administrator shall request the bankruptcy judge to urgently order and conduct compulsory enforcement. Along with the order for handing over the objects, the bankruptcy judge may order coercion measures against the debtor or the third party to enable the enforcement. In this case, a person who refuses to handover objects held without a legal basis or on the basis of a legal transaction whose validity has ceased, and whichmake a part of the debtor's property, and who fails to adhere to the court’s order,is held liable for damage caused by such conduct.

The decisions referred to in paragraph 2 of this Article are rendered by the bankruptcy judge in the form of a decree, to which the right of appeal is held by the bankruptcy administrator and the third party referred to in paragraph 2 of this Article.

If the assets of the debtor include cash, securities or valuables, the bankruptcy administrator shall decide on the manner of their preserving or investing, with the consent of the creditors' committee.

Inventory and Sealing

Article 106

The bankruptcy administrator shall prepare an inventory of the objects included in the bankruptcy estate and specify their estimated value. If necessary, the bankruptcy administrator shall, with the consent of the bankruptcy judge, entrust the valuation of the objects to an expert.

After taking over the bankruptcy estate, and before or after making the inventory of the objects taken over, depending on the circumstances, the bankruptcy administrator may request that the authorised officer of the bankruptcy court seal the premises in which the debtor's assets are situated.

The bankruptcy debtor shall inform the bankruptcy judge and the creditors' committee about the sealing or the removal of the seal.

List of Creditors

Article 107

The bankruptcy administrator shall be obliged to compile a list of all the bankruptcy debtor's creditors he/she is aware of using business records and other documents of the debtor, or other sources of data, as well as filed claims.

A separate record shall be kept in the list from paragraph (1) of this Article of secured, lien and excluding creditors and employees of the debtor with their unpaid salaries.

A record of the following shall be included in the list for each creditor:

1) Company name or name and registered office or residence with contact address;

2) Amount of claim, specifying amount of principal debt and accumulated interest;

3) Legal basis for claim;

4) List of assets subject to secured or excluding claim.

Notwithstanding paragraph 3 of this Article, the data mentioned in paragraph 3, items 1) and 4) of this Article shall be recorded in the list for lien creditors.

List of Debtor's of the Bankruptcy Debtor

Article 108

The bankruptcy administrator shall be obliged to compile a list of debtors of the bankruptcy debtor, specifying data stipulated in Article 107(3) of this Law.

Initial Bankruptcy Balance Sheet and the Report on Economic and Financial Position of the Debtor

Article 109

Within 30 days from the day of taking over the bankruptcy estate, the bankruptcy administrator shall be obliged to prepare the initial balance sheet in bankruptcy which shall list and compare the debtor's assets and liabilities.

Upon the request of the administrator, the bankruptcy judge may permit an extension of the deadline referred to in paragraph (1) of this Article, but by not more than five days.

The bankruptcy administrator shall be obliged to submit the court and the creditors' committee the initial balance sheet in bankruptcy with the report on economic and financial position of the bankruptcy debtor and an estimate of the possibilities for reorganisation, not later than five days before the first creditors' hearing.

Business Records

Article 110

After the opening of the bankruptcy proceeding, business records of the bankruptcy debtor shall be kept by the bankruptcy administrator or a person designated by the bankruptcy administrator.

The opening of the bankruptcy case shall be considered as the beginning of a new business year.

The bankruptcy judge may appoint a certified auditor to evaluate the final account or the initial bankruptcy balance sheet.

VII VERIFICATION OF CLAIMS

Filing of Claims

Article 111

The creditors shall submit their claims reports to the competent court in writing. The claim must particularly specify the following:

1) Company name or name and registered office or residence of the creditor with contact address;

2) Company registration number, or unique master citizen number for natural persons;

3) Number of business account or current account;

4) Legal basis for claim;

5) Amount of claim, specifying in particular the amount of principal debt including the calculation of interest;

6) Collateral, if the claim is secured, and the amount of claim that is unsecured if the claim is not fully secured;

7) A specific requirement of the creditor, in accordance with the provisions on the content of a claim of the law regulating civil proceedings.

Creditors with claims in foreign currency shall file them in the respective currency.

In case of filing of claims that are subject to ongoing litigation, the filing shall specify the court where the litigation is being heard as well as the designation of the case file.

Jointly and severally liable debtors and guarantors of the debtor may request, as bankruptcy creditors, that they be refunded the amount they have paid in favour of the debtor after the date of the opening of the bankruptcy proceeding, if they have the right of contribution to the debtor.

Submissions may be filed upon the expiry of the term set by the decision of the bankruptcy judge, but not later than 120 days from the day of publishing the announcement in the "Official Gazette of the Republic of Serbia". Any claims filed after the expiry of the period of 120 days shall be rejected as untimely.

A creditor who reported the claim in the bankruptcy proceedings shall be obliged to state in the claim report whether there are guarantors for the obligation of the bankruptcy debtor, as well as to notify the guarantors about the claim report in due time.

The creditor shall inform the bankruptcy administrator about each debt collection from the guarantor, within eight days from the date of executed collection.

The costs of holding additional hearing to investigate claims referred to in paragraph (5) of this Article shall be paid in advance by the party filing a claim. If the advance is not paid within the term set by the court, the filing shall be rejected.

Excluding claims

Article 112

The excluding creditor shall submit the request for taking back his asset that is not included in the bankruptcy estate.

Bankruptcy administrator shall inform the excluding creditor whether he/she will honour or refuse the request within the time period of 20 days from its receipt, and shall specify the deadline within which the request shall be honoured.

The deadline referred to in paragraph (2) of this Article may not exceed ten days from the notification of the intent to honour the request, unless otherwise excused by the bankruptcy judge.

If the bankruptcy administrator refuses to exclude the assets from the bankruptcy estate, the creditor shall be entitled to file a complaint with the bankruptcy judge within five days from the day of notification of the administrator's refusal.

If the bankruptcy judge denies the right on asset exclusion, the creditor may enforce its rights in other court proceedings.

If the excluding creditor fails to file a request for asset exclusion by the time the asset in question is being sold, the excluding creditor may enforce its rights only in other proceedings, in accordance with the law.

Claims Verification Procedure and List of Claims

Article 113

Upon expiry of the deadline for filing claims, the bankruptcy judge shall submit all received claims to the bankruptcy administrator.

The bankruptcy administrator shall determine the grounds, scope and payment rank of each claim, and shall compile the list of all acknowledged and contested claimsas well as the order of ranking of secured and lien creditors.

A claim based on an executive title may be contested if:

1) The executive title was repealed, voided, modified or made inoperative;

2) The claim was terminated on the basis of a change in circumstances arising after the title became enforceable;

3) The statutory period in which enforcement may be sought has expired;

4) The claim did not pass on to the creditor, or the liability did not pass on to the bankruptcy debtor;

5) The executive title was such that its enforcement, if effected, could have been subject to contestation, in accordance with this Law.

The bankruptcy trustee shall, not later than ten days prior to the investigation hearing provide a list of claims to the bankruptcy judge, who is required to publish it on the bulletin and electronic bulletin board of the court or, if the list is disproportionately large, to post the notification on the bulletin and electronic bulletin board of the court of the place where the list is.

The bankruptcy administrator shall be obliged to make a personal delivery of the notification to the creditors whose claims are disputed, not later than 15 days prior to the investigation hearing. Upon the request of a creditor whose claim has been contested, the bankruptcy administrator shall have to review, together with the requesting creditor, the contested claim and any substantiating evidence provided before making the final decision acknowledging or contesting the claim.

If the bankruptcy administrator fails to act as stipulated in paragraph (5) of this Article, the creditor whose claim has been contested may lodge a complaint to be ruled upon by the bankruptcy judge.

If the bankruptcy administrator changes his/her decision after the repeated review of the claim, he/she shall be obliged to correct the list referred to in paragraph (2) of this Article accordingly.

Investigation Hearing

Article 114

The final list of all filed claims shall be compiled at the investigation hearing.

The bankruptcy administrator and the creditors shall be invited to attend the investigation hearing; the bankruptcy debtor, as well as persons who have performed jobs with the debtor and who may provide information about the existence and the amounts of the claims, and auditors who reviewed the bankruptcy debtor's business operations, may also be invited to attend the hearing.

The investigation hearing shall take place even if not attended by all creditors who have filed their claims.

Creditors may challenge the reported claims of other creditors until the conclusion of the investigation hearing at which their reported claims shall be examined.

Mediation

Article 115

Creditors whose claims have been contested, or the bankruptcy administrator with the consent of the creditors' committee, may propose the resolution of a contestation through mediation, in accordance with the law governing mediation proceedings.

If the bankruptcy administrator and the creditors' committee or the creditor whose claim has been contested, agree to resolve the contestation through mediation before the conclusion of the investigation hearing, the bankruptcy judge shall remove the contested claims from the list of claims.

Mediation may take no longer than 30 days from the date of the conclusion of the investigation hearing, in which period of time the bankruptcy administrator shall be obliged to notify the bankruptcy judge of the results of the proceeding.

Exceptionally, in justified cases, at the consenting request of all parties to mediation, the bankruptcy judge may grant an extension of the deadline referred to in paragraph (3) of this Article, but not later than 60 days from the date of the conclusion of the investigation hearing.

Any creditor whose claim has been verified after mediation shall be entitled to require to be listed in the list of verified claims in accordance with this Law.

Any creditor whose claim has been contested but has not been verified through mediation before the expiry of deadlines referred to in paragraphs (3) and (4) of this Article shall be considered a contested creditor.

Verified Claims

Article 116

A claim shall be considered verified if it has not been contested by the bankruptcy administrator or any creditor by the time the investigation hearing was concluded.

The bankruptcy judge shall issue a conclusion to adopt a final list of claims, based on the list drafted by the bankruptcy administrator as amended at the hearing. The final list shall include information about each submitted claim, including contesting parties and amount in which claim was verified or contested, as well as claims to be ruled on in a conclusion on the list of verified and contested claims.

Based on the final list of claims referred to in paragraph (2) of this Article, the bankruptcy judge shall issue a conclusion on the list of verified and contested claims.

The conclusion on the list of verified and contested claims shall be served on the bankruptcy administrator and each bankruptcy creditor, and shall also be posted on the court's bulletin board.

The final list verifying a claim and its rank shall be binding on the bankruptcy debtor and all bankruptcy creditors.

The conclusion referred to in paragraph (3) of this Article shall be served on the bankruptcy administrator and each bankruptcy creditor whose claim has been contested and who has been instructed to initiate litigation, and shall also be posted on the court's bulletin board.

A bankruptcy creditor with a final court decision in his favour from a litigation to which he was instructed shall be entitled to request appropriate corrections to be made to the final list of claims.

If in the conclusion on the list of verified and contested claims the bankruptcy judge gave the bankruptcy administrator or the creditor erroneous referral to the lawsuit, the person who is erroneous referred to the lawsuit may file a request for correction of the conclusion within five days of receiving the conclusion, or the day of publication of the conclusion of the bulletin and electronic bulletin board of the court, while complying with regulations governing the protection of personal data. The bankruptcy judge shall decide on such request for correction within three days.

Until the decision of the bankruptcy judge at the request referred to in paragraph 8 of this Article, time periods for initiating or continuing lawsuits under referral of the bankruptcy judge shall not run.

Contested Claims

Article 117

A creditor whose claim was contested shall be instructed to litigation or to resume the stayed lawsuit or arbitration for determining his claim, which may be initiated, or resumed, within the time period of 15 days from the date of the receipt of the conclusion from Article 116 of this Law, or from the date of the expiry of the mediation deadline as referred to in Article 115 of this Law.

A creditor who has not acted in the manner referred to in paragraph 1 of this Article loses that right and the status of bankruptcy creditor for the contested claim.

A creditor who contests a claim of another creditor which has been previously acknowledged by the bankruptcy administrator shall be instructed to initiate litigation in accordance with paragraph (1) of this Article. The contested claim shall be considered acknowledged if the contesting creditor fails to initiate litigation within the statutory deadline.

The creditor who has been instructed to initiate a lawsuit shall be obliged to notify the acting bankruptcy judge on the initiation of the lawsuit i.e. resumption of stayed lawsuit or arbitration proceedings within 15 days of the day of initiation or resumption of the lawsuit.

If the creditor referred to in paragraph (1) of this Article fails to notify the bankruptcy judge of the litigation, he shall be liable for the costs and the damage caused by the default.

In case the claims filed on the basis of an executive title have been contested, the bankruptcy judge shall issue a conclusion instructing the bankruptcy administrator or the contesting creditor to initiate litigation as referred to in paragraph (1) of this Article. The claim that was subject to contestation shall be deemed acknowledged if the bankruptcy administrator or the contesting creditor fails to litigate within the statutory deadline.

Transfer of claim

Article 117a

Verified and contested claims in the bankruptcy proceedings may be subject to transfer.

Agreement on the transfer of claim shall be concluded between the transferor and recipient of claim, provided that the signatures of contractual parties hereto are certified in accordance with the law governing the certification of signatures, manuscripts and transcripts, while the debtor shall be notified about such transfer in writing.

The recipient of the claim has the right to request the correction of the final list of verified claims.

Proceeding Regarding Contested Claims

Article 118

If, at the time of opening of the bankruptcy proceeding, a lawsuit or arbitration about the claim is pending, the bankruptcy administrator shall take over the civil or arbitral proceedings in the state in which it is at the time of the opening of the bankruptcy proceedings.

If litigation referred to in paragraph (1) of this Article is not conducted before the bankruptcy court, the appropriate court shall halt the proceeding and, upon the filing of a petition for the resumption of the proceeding, declare itself not competent and cede the case to the bankruptcy court. No appeal shall be allowed against the decision on ceding the case.

A final decision on a contested claim shall be binding on the bankruptcy debtor and all creditors of the bankruptcy debtor.

A decision issued upon an extraordinary legal remedy shall not be binding on the creditors in relation to the payments received upon on the decision on main distribution.

VIII CONTESTING DEBTOR'S LEGAL ACTIONS

General Conditions

Article 119

Legal transactions and other actions entered into or taken before the opening of the bankruptcy proceedings that are interfering with equal settlement of bankruptcy creditors or damaging the creditors, as well as transactions and actions putting some creditors in a more favourable position over the others (hereinafter: "favouring creditors") may be contested by the bankruptcy administrator, on behalf of the debtor, and the creditors, in accordance with the provisions of this Law.

In the context of contesting, failure to enter into a legal transaction, or failure to take an action shall be contested in the same manner as the act of entering into a legal transaction or taking an action.

Legal transactions and legal and procedural actions on which an executive title was based or which were taken based on the executive title or during the enforcement proceeding may also be contested if they meet the condition referred to in paragraph (1) of this Article. If the contestation is adopted, the executive title shall cease to have effect on the bankruptcy estate.

Contesting may be performed from the day of opening of the bankruptcy proceedings until the day when the hearing on the main distribution of the bankruptcy estate is held.

It is not possible to contest common occasional gifts, prize-winning gifts, gifts as well as gifts made out of gratitude or disbursements made for humanitarian purposes, provided that at the time when they were done, they were proportionate to the financial ability of the bankruptcy debtor and common to the branch of economy to which the bankruptcy debtor belongs.

Regular Settlement

Article 120

A legal transaction or another action taken within six months before the filing of the petition initiating bankruptcy proceedings and providing security or settlement to a creditor in the manner and at the time that is in accordance with the substance of his right (hereinafter: "regular settlement"), may be contested if the bankruptcy debtor was insolvent at the time of the transaction, and the creditor knew or ought to have known of its insolvency.

A legal transaction or another action leading to regular settlement may be contested even when taken after submitting the petition to initiate bankruptcy proceedings if the creditor knew or ought to have known that the debtor was insolvent or if he knew that the petition to initiate bankruptcy proceeding was filed.

The creditor shall be deemed to have known or ought to have known of the debtor's insolvency or of the petition for initiating bankruptcy proceedings if he was aware of the circumstances undoubtedly leading to the conclusion that insolvency occurred, particularly if the debtor's account was frozen permanently for at least 30 days, or that the bankruptcy filing had been made.

Any person associated with the bankruptcy debtor at the time the action or transaction was carried out shall be deemed to have known about the insolvency or the petition to open bankruptcy proceedings.

Irregular Settlement

Article 121

A legal transaction or action providing security or settlement for one creditor which he was not entitled to request, or was entitled to request but not in the manner and at the time when it was provided, may be contested if it was carried out within twelve months before filing the petition to open bankruptcy.

Direct Damage to Creditors

Article 122

A legal transaction or action of the bankruptcy debtor directly damaging the creditors may be contested if:

1) It was entered into within six months before filing for bankruptcy, if the bankruptcy debtor was insolvent at the time and the counterpart knew of its insolvency;

2) The transaction was concluded after the filing of the petition for initiating bankruptcy proceeding, if the bankruptcy debtor's counterpart knew or ought to have known that the bankruptcy debtor was insolvent or that the filing for opening the bankruptcy had been made;

3) The debtor's action shall cause it to lose some of its rights or if failure of the debtor to act would result in the inability to exercise that right, while the action must have been taken or failed to have been taken within the last six months before the filing of the petition to open the bankruptcy proceeding.

The other party to the contract shall be deemed to have known or ought to have known about the debtor's insolvency or the existence of the petition to open bankruptcy if he knew of the circumstances that could undisputedly lead to the conclusion that there was insolvency, particularly if the debtor's account was frozen permanently for at least 30 days, or that a filing to open bankruptcy had been made.

In cases referred to in paragraph (1) of this Article, provisions of Article 120(3, 4) of this Law shall apply.

Intentionally Damaging Creditors

Article 123

A legal transaction or action, entered into or taken within five years before the filing of the petition for initiating bankruptcy proceedings or after that, with the intent to damage one or more creditors, may be contested if the bankruptcy debtor's counterpart knew of the bankruptcy debtor's intent. Knowing about intent is presumed if the bankruptcy debtor's counterpart knew that there was a threat of insolvency of the bankruptcy debtor and that the action would damage the bankruptcy creditors,as well as if the legal transaction i.e. legal action of the bankruptcy debtor has been taken without compensation or with a minor compensation.

Security that the bankruptcy debtor gave, under a loan or other legal actions which in economic terms corresponds to the approval of loans, to a person affiliated with the bankruptcy debtor within the meaning of this law, except to the person who is, within his regular activities, engaged in granting credit or loans, at the time when he was permanently insolvent within the meaning of this law, or within one year before the date of opening of bankruptcy procedures in the company, shall have no legal effect in the bankruptcy proceedings against the company.

If the bankruptcy debtor has paid back a credit or loan, in the final year before the opening of bankruptcy, to a person affiliated with the bankruptcy debtor within the meaning of this law, except to the person who is, within his regular activities, engaged in granting credit or loans, he shall be deemed to have committed a contestable act of intentional damage to creditors.

Article 124

(Deleted)

Associated Persons

Article 125

The associated persons of the bankruptcy debtor within the meaning of this Law shall be deemed to be:

1) General manager, or any member of a managing or a supervisory body of the bankruptcy debtor;

2) Any member of the bankruptcy debtor with unlimited liability for company debts;

3) Any member or shareholder with a significant share in the capital of the company;

4) A legal entity controlled by the bankruptcy debtor within the meaning of the law governing companies;

5) Any person having access to confidential information or data on the financial status of the debtor by virtue of his/her special position in the company;

6) Any person de facto able to exert a significant influence on the business of the bankruptcy debtor;

7) The bankruptcy debtor's blood relatives in direct line regardless of the degree of kinship, in side line up to the fourth degree of kinship, relations by marriage up to the second degree of kinship, or spouse of any of the persons referred to in subparagraphs 1), 2), 3), 5) and 6) of this Article.

Incontestable Actions

Article 126

Legal transactions or legal actions may not be contested if concluded or taken in order to:

1) Take a credit facility or loan in accordance with Article 27, paragraph 2 of this Law, and provide collateral under such transaction, if, after the termination of the bankruptcy proceedings in which such a credit facility or loan has been taken bankruptcy proceedings against the same bankruptcy debtor open, or a credit facility or loan agreement is concluded in terms of Article 157, paragraph 1, item 10) of this Law, and the collateral under such legal transaction is provided, if, after the termination of a bankruptcy proceedings i.e. preliminary bankruptcy proceedings in which the reorganization plan has been finally adopted, bankruptcy proceedings have opened against the same bankruptcy debtor;

2) Continue business operations after the opening of the bankruptcy proceeding;

3) Make payments from bills of exchange or checks if the other party has to receive the payment to prevent losing the right to contribution against other persons with obligations from bills of exchange or checks.

A legal transaction or legal action that is deemed to be regular or irregular settlement within the meaning of this Law may not be contested if the bankruptcy debtor received, either concurrently with or within a short period before or after the transaction or action was completed, just recompense from the creditor or other party on whose account the action or transaction was completed.

A legal transaction or legal action that is deemed to be regular or irregular settlement of creditors, or that causes a direct damage to creditors, may not be contested if it has been entered into, or taken:

1) Before the filing for bankruptcy;

2) On the basis of a contract whose subject is a financial obligation the execution of which is secured by a financial collateral contract, i.e. on the basis of a financial collateral contract in the sense of the law on financial collateral, as well as on the basis of another financial contract within the meaning of that law, in connection to the settlement of claims by netting, in accordance with that law;

3) In accordance with common business practice for the execution of such contracts.

Deadlines

Article 127

Reachback deadlines which refer to such legal actions by the bankruptcy debtor that may be contested with a claim shall be calculated from the beginning of the day in the month which corresponds in number to the date of filing of the petition for bankruptcy. If such a date does not exist in the last month, the deadline shall be calculated from the last day of that month.

It shall be deemed that a legal transaction was entered into when conditions were met for its validity, and if the validity requires an entry into the land register or register of sailing vessels, aircraft or patents, or another public book or register, it shall be deemed that a legal transaction was entered into when the filing for registration was submitted to the appropriate body.

Contestation

Article 128

A legal transaction or action of the bankruptcy debtor shall be contested by filing a claim initiating litigation.

A legal transaction or action of the bankruptcy debtor may be contested by filing a counterclaim or objection in the litigation, in which case the deadline stipulated in Article 119(4) of this Law shall not apply.

Parties to Contestation Proceedings

Article 129

The plaintiff may be the creditor and the bankruptcy administrator, on behalf and for the account of bankruptcy debtor or the bankruptcy estate. The bankruptcy administrator shall be obliged to contest legal actions whenever he establishes that the conditions have been met for a lawsuit to be brought, without having to obtain the consent of the creditors' committee.

The claim shall be instituted against a party with whom a legal transaction was entered into or against whom the action was taken (hereinafter: contestation opponent) and against the bankruptcy debtor, unless the bankruptcy administrator has filed a claim on its behalf.

The claim contesting a legal transaction or a legal action may be instituted against the inheritor or other universal legal successor of the contestation opponent.

The claim may also be filed against other legal successors of the contestation opponent if:

1) The legal successor was aware of the facts that constitute the basis for contesting legal transactions or actions of his predecessor;

2) The legal successor was ceded the contested acquisition without compensation or at a negligible compensation.

Effects of Contestation

Article 130

If the claim contesting a legal transaction or other legal action is duly honoured, the contested legal transaction or action shall have no effect on the bankruptcy estate and the contestation opponent shall be obliged to return to the bankruptcy estate all property benefits acquired on the basis of the contested transaction or other action.

Having returned the property benefits referred to in paragraph (1) of this Article, the contestation opponent shall have the right to realise his counterclaim as a bankruptcy creditor, by filing a late claim.

IX REALISATION AND DISTRIBUTION OF BANKRUPTCY ESTATE, SETTLEMENT, AND CONCLUSION OF BANKRUPTCY PROCEEDINGS

1. Realisation of Bankruptcy Estate

Decision on Liquidation and Realisation of Assets

Article 131

A decision on compulsory liquidation shall be rendered by the bankruptcy judge where:

1) *(Deleted)*

2) At the first creditors' hearing the appropriate percentage of bankruptcy creditors voted in favour of liquidating the debtor, in accordance with Article 36(4) of this Law;

Items 3) and 4) (*deleted*)

5) No reorganisation plan has been submitted by the prescribed deadline;

6) No reorganisation plan has been adopted at the hearing on the reorganisation plan.

In cases referred to in paragraph 1(5,6) of this Article, the bankruptcy judge shall render the decision on liquidation of the bankruptcy debtor on the day following the day the prescribed term for the filing of the reorganisation plan expires, or at the hearing where the plan was not adopted, or no later than two days from such hearing.

The decision referred to in paragraph (1) of this Article may be appealed by the bankruptcy administrator and the creditors' committeeand the authorized proposer of the reorganization plan.

Manner of Cashing in and Selling Method

Article 132

After adoption of the bankruptcy decree, the bankruptcy administrator starts and conducts the sale of all property, part of property or individual asset of the bankruptcy debtor, i.e. sale of the debtor as a legal entity (manner of cashing in), in accordance with this Law and national standards for managing the bankruptcy estate.

In the event that the bankruptcy administrator proposes the sale of whole property or part of the property of the bankruptcy debtor or the sale of a debtor as a legal entity, he is obliged to obtain an estimate of the usefulness of such a method of cashing in, in relation to the sale of an individual assets of the bankruptcy debtor, drafted by an authorized expert (appraiser), whereby the appropriate part of the purchase price shall be determined at which the secured or lien creditor has the right of priority settlement in accordance with Article 133, paragraph 12 of this Law, as well as to deliver such estimate to the court, creditors' committee and every secured, i.e. lien creditor having a secured or pledge right on the property covered by such sale.

Creditors' committee, secured creditor and lien creditor are authorized to file a remark on the estimate referred to in paragraph 2 of this Article within 15 days from the date of receipt, in which case, on the basis of a conscientious and careful assessment, the court will issue a conclusion to determine the usefulness of the proposed method of sale and the corresponding part of the purchase price at which the secured i.e. lien creditor has the right of priority satisfaction in accordance with Article 133, paragraph 12 of this Law.

Sale of property i.e. sale of a legal person is done by public auction, public collection of offers or direct agreement (sale method) in accordance with this Law and national standards for managing the bankruptcy estate.

With the approval of the creditors' committee, the bankruptcy administrator may hire domestic or foreign persons proficient in the sale by public auction if the subject of the sale is a work of art i.e. another specific subject of sale for which there is a specialized market, or if he considers that by such hire a higher publicity of sale and more favorable cashing in is under way.

The proposal of sale referred to in paragraph 2 of this Article must contain all conditions of such sale, including the costs of engaging experts.

If the sale is conducted by public auction or by public collection of bids, the bankruptcy administrator is obliged to announce the sale in at least two high-circulation daily newspapers distributed throughout the territory of the Republic of Serbia and on the internet page of the authorized organization, at the latest 30 days before the date determined for public auction or submission of bids.

Exceptionally, if the announcement costs are disproportionately high in relation to the value of the subject of the sale, the bankruptcy administrator, with the approval of the creditors' committee, may announce the sale in a manner different from the one prescribed in paragraph 7 of this Article.

The ad specifically contains the conditions and time limits of sale, as well as information on when and where the potential buyers can see the property being sold.

Selling by direct agreement can exclusively be made if such a method of sale has been previously approved by the creditor's committee and with acquiring prior consent of the secured or lien creditor, if:

1) The property sold by direct agreement is subject to a secured i.e. pledge right;

2) The proposed purchase price, i.e. its part, in relation to which the right of primary satisfaction of that creditor exists, does not cover the amount of his secured claim;

3) No public auction or by public bidding has previously been attempted.

Sale Procedure

Article 133

Bankruptcy administrator is obliged to serve on the bankruptcy judge, the creditors' committee, all secured i.e. lien creditors having a secured claim on the property which is the subject of sale and all other persons interested in the property, regardless of grounds, a notification about the intention to sell, the sale plan, manner of cashing in, method of sale and time limits for sale.

The bankruptcy administrator is obliged to serve the notification referred to in paragraph 1 of this Article no later than 15 days prior to day of publishing of the announcement of sale i.e. 15 days prior to the day of sale by direct agreement.

The bankruptcy administrator is obliged to serve the notification of intention to sell, sale plan, manner of cashing in, method of sale and time limits for sale referred to in paragraph 1 of this Article also on the authorized organization within the time limit referred to in paragraph 2 of this Article.

If the property is to be sold by public auction, the notification must include:

1) Place and address where the property is located;

2) Detailed description of property with data on the functional operations of the property;

3) Starting price and conditions of public auction.

In case of sale through public collection of offers, the notification must include:

1) Place and address where the property is located;

2) Detailed description of property and its function;

3) Estimation of property's value;

4) Procedure for solicitation of offers.

In case of sale by direct agreement, the notification must include:

1) Place and address where the property is located;

2) Detailed description of property and its function;

3) Estimation of property's value;

4) Data on the proposed purchaser;

5) All relevant terms of the proposed sale, including the price and the procedure for obtaining payment.

Where the property which is included in the sale is the subject of collateral to one or more secured and lien creditors, a secured and lien creditor may, within five days of the receipt of the notification on the proposed sale, submit a remark to the proposed sale, including a proposal for a more favorable method of cashing in, i.e. a method of selling property

The creditors' committee, creditors and other interested persons, in addition to the secured i.e. lien creditor referred to in paragraph 7 of this Article, may, within five days from the receipt of the notification of the proposed sale, submit a remark on the proposed sale due to non-compliance with the provisions of this Law or national standards on the management of the bankruptcy estate in the preparation or implementation of the sale.

Bankruptcy judge issues a conclusion within eight days to decide on the remarks from paragraphs 7 and 8 of this Article, while the sale cannot be carried out before the decision of the court is made.

After the executed sale, the bankruptcy administrator is obliged to inform the bankruptcy judge and the creditors' committee, as well as the secured or lien creditor who has a secured or pledge right on the property included in the sale, about the executed sale, conditions and price, within ten days from the execution of sale.

Where the property is unencumbered by security interests, the proceeds of the sale shall enter into the bankruptcy estate and be distributed to the bankruptcy creditors according to the distribution provisions of this Law.

Where the property sold was the subject of collateral to one or more secured and lien creditors, the direct costs of conducting the sale and other necessary expenses (cost of property valuation, advertising costs, legal obligations, etc.), which include the award of a bankruptcy administrator, shall be settled first from the proceeds of the sale, and the remaining amount shall be paid to the secured creditors whose claim was secured with the sold property, and to the lien creditors in the order of their priority. Payment to the secured creditors must take place within five days of the receipt of the proceeds of sale of property or collection of claims by the bankruptcy administrator. Any amount remaining after the satisfaction of the secured creditors shall enter into the bankruptcy estate and be distributed to the bankruptcy creditors according to the distribution provisions of this Law.

The bankruptcy judge shall issue a decree to conclude that the sale has been executed and order the appropriate register to register the ownership rights and erasure of burdens occurred before the executed sale, i.e. registration of other rights acquired through the sale.

The stated decree with proof of payment of the price is the basis for acquiring and registering the ownership right of the buyer, regardless of prior registrations and without burden, as well as without any obligations incurred before the executed sale, including tax obligations and obligations towards economic entities who provide services of general interest which relate to purchased property.

The decree referred to in paragraph 13 of this Article shall be published on the bulletin board and electronic board of the court and served on the secured, i.e. lien creditor who has a secured, i.e. pledge right on the property that is included in the sale and is appealable by all interested parties.

Precious metals, minerals, securities or other like assets normally bought and sold on regulated exchanges with disclosed market prices shall be sold at the quoted market price at the exchange or applicable market. If the precious metals, minerals, securities or other traded assets do not have quoted market prices on an exchange at the time of the sale they shall be sold by direct agreement with the consent of the creditors' committee.

Duty to Offer for Sale

Article 133a

Bankruptcy administrator is obliged to offer for sale each part of the property that is the subject of a secured, i.e. pledge right, within six months from the finality of the bankruptcy ruling.

Bankruptcy judge may issue a decree, upon explained proposal of the bankruptcy administrator, to extend the time limit referred to in paragraph 1 of this Article once for a maximum of six months, if there are particularly justified reasons for postponing the sale.

In the event of the cancellation of the measure of prohibition of enforcement and satisfaction in accordance with Articles 93a-93c of this Law, a stay of the time limit referred to in paragraph 1 of this Article occurs, during which the bankruptcy administrator has no right to sell the property in question.

If the property referred to in paragraph 1 of this Article is the subject of a filed application for restitution of property in accordance with the law governing the return of property and indemnification, the time limit referred to in paragraph 1 of this Article begins to run by the final ending of the property restitution and indemnification procedure.

Distribution of Assets of a Legal Community

Article 134

Legal community within the meaning of this Law shall be deemed to be a co ownership, partnership and the like forms of legal or proprietary association of the bankruptcy debtor with a third party.

If the bankruptcy debtor is in a legal community with a third party, the dissolution of the community shall be carried out by applying the rules of nonadversarial and enforcement proceedings, accordingly. The third party shall be entitled to separate settlement of its claim on account of the liabilities incurred in the legal community.

If the dissolution of the community referred to in paragraph (1) of this Article was prohibited for a definite or an indefinite period of time, the prohibition shall become legally ineffective as of the date of opening of the bankruptcy proceedings.

Selling a Debtor as a Legal Entity

Article 135

The bankruptcy debtor may be offered for sale as a legal entity, with prior consent of the creditors' committee and notification to secured and lien creditors as referred to in Article 133 (2) of this Law. If the bankruptcy administrator does not accept the proposal of a secured or a lien creditor for a more favourable method of asset realisation, as referred to in Article 133 (7) of this Law, the bankruptcy judge shall adopt a conclusion to decide on such a proposal within 5 days, taking special consideration to the assessment of the appropriateness of the sale of the debtor as a legal entity as referred to in Article 132 (2) of this Law, as well as to whether the estimate of the value of the debtor as a legal entity or of assets being subject to a security interest was done in accordance with National Standards for Administering Bankruptcy Estate and whether such a sale would evidently result in less favourable recovery for the secured and the lien creditor than would the sale of parts of the debtor. If the proposal of the secured or the lien creditor is accepted, the bankruptcy judge may render a conclusion ordering the bankruptcy administrator to take one or more of the following actions:

1) Postpone the sale;

2) Conduct a reassessment of appropriateness referred to in Article 132(2) of this Law or a reestimate of the value of the debtor as a legal entity, or of the assets that are subject to secured and lien rights;

3) Separate the assets that are subject to a secured and lien right from the assets of the debtor being sold as a legal entity and sell those assets separately;

4) Take other measures to protect, in an adequate manner, the interests of secured and lien creditors.

Prior to an offer of sale of a debtor as a legal entity, the bankruptcy administrator shall estimate the value of the debtor.

Effects of Selling a Debtor as a Legal Entity

Article 136*

After selling the bankruptcy debtor as a legal entity, the bankruptcy proceeding against the bankruptcy debtor shall be suspended.

The contract of sale of the debtor as a legal entity must contain a provision specifying that assets that were not subject to the estimate referred to in Article 135(2) of this Law shall become part of the bankruptcy estate.

Proceeds of sale of the bankruptcy debtor, as well as assets referred to in paragraph (2) of this Article, shall become part of the bankruptcy estate for which the bankruptcy proceedings shall continue.

The bankruptcy estate shall be registered into the bankruptcy estate register kept by the body in charge of managing the register of business entities and shall be represented by the bankruptcy administrator.

Neither the bankruptcy debtor, nor its buyer, shall be liable to the creditors for the claims against the debtor that arose before the suspension of the bankruptcy proceedings. Legal entities providing public utility services to the bankruptcy debtor may not cease the provision of such services based upon unpaid liabilities arising before the opening of bankruptcy.

The register of business entities and other appropriate registers shall register required changes (concerning legal form, founders, members and shareholders, and other data) based on the decrees referred to in Article 133, paragraph 13 of this Law, in accordance with the law governing the registration of business entities.

Priority Right of Secured i.e. Lien Creditor

Article 136a

In case when the subject of the sale is a bankruptcy debtor as a legal person, the entire property of the bankruptcy debtor or a property unit, the secured and lien creditors having a lien or secured right against any part of the property included in such sale, have the priority right in division of the part of proceeds of sale, according to the rank of priority acquired in accordance with the law, and in proportion to the estimated participation of the appraised value of property which is the subject of lien, i.e. secured right in the total appraised value of the subject of sale, in accordance with the estimate referred to in Article 132, paragraph 2 of this Law, i.e. in accordance with the conclusion of the court referred to in Article 132, paragraph 3 of this Law.

Price Deposit by Secured or Lien Creditor

Article 136b

If the buyer of the property is a secured creditor who has the right of priority satisfaction from the proceeds of sale, that buyer has the right to offset his secured claim with the amount of the purchase price, in the following way:

1) In the event that his secured claim exceeds the amount of the purchase price i.e. its part against which he has the right to priority satisfaction, he is obliged to thereby deposit the amount of the costs of sale and other necessary expenses referred to in Article 133, paragraph 12 of this Law, increased for the possible remaining part of the purchase price against which he has no right of priority settlement;

2) In the event that his secured claim fails to reach the amount of the purchase price i.e. the part thereof against which he has the right to priority satisfaction, he is obliged to thereby deposit the amount of the selling costs and other necessary expenses referred to in Article 133, paragraph 12 of this Law, increased by the difference between his secured claim and the full amount of the purchase price.

Consent of Creditors' Committee and Secured i.e. Lien Creditor

Article 136c

In the case of sale of the bankruptcy debtor as a legal person, whole property of the bankruptcy debtor or its property unit:

1) If the offered price is less than 50% of the appraised value of the subject of the sale, the bankruptcy administrator is obliged to serve such a bid without delay on the creditors' committee, and the sale may be executed if approved by the creditors' committee;

2) If, in terms of the estimate referred to in Article 132, paragraph 2 of this Law, part of the proceeds of sale relating to the property which was burdened by secured, i.e. pledge right was less than 50% of the estimated value of such property, the bankruptcy administrator is obliged to serve such an offer without delay on every secured and lien creditor who has a secured or pledge right against that property, and the sale can be carried out if it is approved by the secured i.e. lien creditor who, in mutatis mutandis application of Article 35, paragraph 3 of this Law, makes it probable that his secured claim can be satisfied in part or in full from the property which is burdened by secured i.e. pledge right if it is to be sold separately.

Secured i.e. lien creditor who is to be satisfied in full by the proposed sale of a bankruptcy debtor as a legal person, entire property of the bankruptcy debtor or property unit, does not have the right from paragraph 1, item 2) of this Article.

In the event that the approvals referred to in paragraph 1 of this Article are given, the bankruptcy administrator is obliged to accept such a bid and conduct the sale.

Pre-emption Right of Secured i.e. Lien Creditor in case of Sale by Direct Agreement

Article 136d

When the property that is the subject of sale by direct agreement is the subject of a secured, i.e. pledge right, the secured i.e. lien creditor may, within five days from the day of receipt of the notification referred to in Article 133, paragraph 6 of this Law, notify the court and the bankruptcy administrator that he accepts to buy the subject of sale under the same (or for the bankruptcy debtor more favorable) conditions from the notification (pre-emption right), while he is also obliged to indicate whether he will exercise the right referred to in Article 136b of this Law.

Secured i.e. lien creditor may also exercise the pre-emption right referred to in paragraph 1 of this Article through a person associated with him in terms of the laws regulating companies, with submission of proof that it is an associated person.

In the event that the secured i.e. pledge creditor filed a remark on the proposed sale in accordance with Article 133, paragraph 7 of this Law, the time limit for exercising the pre-emption right referred to in paragraph 1 of this Article begins to run from the day of delivery of the court decision on that remark to the secured, i.e. lien creditor, and the sale cannot be carried out before the expiry of that time limit.

Sale of Perishable Goods

Article 137

The bankruptcy administrator shall offer for sale any perishable goods only after giving notice to the bankruptcy judge on the intended sale.

If the bankruptcy judge fails to notify the bankruptcy administrator of issuing a conclusion on the sale of perishable goods within 24 hours from the receipt of bankruptcy administrator's notification, the administrator may conduct the sale.

In case of this sale the bankruptcy administrator shall not be obliged to conduct the procedure referred to in Article 133 of this Law.

2. Distribution

General Rules

Article 138

The bankruptcy estate available for distribution to bankruptcy creditors (distribution estate) shall be comprised of the bankruptcy debtor's monetary assets as of the day of opening of bankruptcy, monetary assets earned from continuing business operations and proceeds from realising assets and rights of the debtor, as well as the claims held by the bankruptcy debtor that were collected in the course of the bankruptcy proceedings.

Distributions in settlement of bankruptcy creditors shall be made before or after the main distribution takes place, subject to the availability of cash flow of the debtor.

Upon recommendation of the bankruptcy administrator, and subject to the availability of cash flow of the bankruptcy debtor, the bankruptcy judge shall decide whether to permit a partial distribution, which shall be conducted in the manner and under the conditions set out for the main distribution.

Draft of Main Distribution Decision

Article 139

Before the main distribution of the bankruptcy estate, the bankruptcy administrator shall prepare a draft of the decision for the main distribution of the bankruptcy estate (hereinafter: main distribution draft).

The bankruptcy administrator shall serve the main distribution draft on the bankruptcy judge in order to have it posted on the court's bulletin board or to make it available for review in the court's notary office.

The main distribution draft shall include:

1) Final list of all claims referred to in Article 114 of this Law, including the claims that have been verified after the investigation hearing through mediation or litigation proceeding;

2) Amount of each claim;

3) Rank of payment of each claim;

4) Amount of the bankruptcy estate that will be distributed to bankruptcy creditors, with the proposed percentage for the settlement of bankruptcy creditors;

4a) Amount of funds reserved for payment to creditors in the event of subsequent filing of claims referred to in Article 130, paragraph 2 of this Law;

5) The manner of distribution of any remaining assets of the estate if it is evident that such assets exist.

The bankruptcy administrator shall be obliged to deliver the main distribution draft to the creditors' committee and the creditors' committee shall be obliged to notify bankruptcy creditors that the main distribution draft has been posted on the court's bulletin board or in a particular room at the court's notary office, where it shall be accessible for 15 days from the date of its posting on the bulletin board.

Decision on Main Distribution

Article 140

Fifteen days after the submission of the draft of main distribution to the creditors' committee, the bankruptcy judge shall render the decision on the main distribution outside of a court hearing if the creditors' committee or any individual creditor has not objected to the draft.

Objections lodged after the expiry of the 15 day deadline from paragraph (1) of this Article shall not be taken into consideration.

If the creditors' committee or an individual creditor has objected to the draft of the main distribution decision, the bankruptcy judge shall hold a hearing to resolve the objection at which he shall issue the decision on main distribution.

The decision on main distribution shall be posted on the court's bulletin board and shall be served on the creditors' committee, the objecting creditor and the bankruptcy administrator.

Service on all creditors shall be deemed duly performed on expiry of eight days from the service of the decision on the creditors' committee.

The decision on main distribution may be appealed by the bankruptcy administrator and the creditors whose objections to the main distribution draft have not been accepted, by stating the grounds for appeal and providing substantiating evidence.

The appeal referred to in paragraph (6) of this Article may be filed only on incorrect assessment of the grounds for objections to the draft of main distribution.

As an exception to paragraph (6) of this Article, the appeal against the decision on main distribution may be filed by the bankruptcy administrator and the creditors even in case the decision on main distribution varies from the announced draft of main distribution, as well as in case of violation of prior rights or erroneous calculation, but, in all cases, by stating the grounds for the appeal and providing substantiating evidence.

Contested Claims

Article 141

If a creditor whose claim has been contested files, within the statutory time limit, for litigation, or for the resumption of previously initiated litigation, the payment that such creditor would have received had his claim not been contested shall be separated from the estate in a proportion determined in the decision on main distribution until the final decision on the litigation is rendered.

Conditional Claims

Article 142

If a bankruptcy creditor's claim is subject to a resolutory condition, the claim will be taken into account if the creditor provides security that he will return the received funds should the resolutory condition be fulfilled.

If a bankruptcy creditor's claim is subject to a suspensive condition, he will receive a proportional amount of his claim if the condition is fulfilled before the hearing for main distribution.

Main Distribution

Article 143

The distribution of the bankruptcy estate or satisfaction of bankruptcy creditors shall be done after the decision on main distribution becomes final.

The distribution of the bankruptcy estate shall also be done in case of partial finality of the decision on main distribution, to the extent to which the decision becomes final.

The distribution may, at the proposal of the bankruptcy administrator, be done even before the decision becomes final, having previously reserved assets required for the exercise of the complainant's right.

The bankruptcy judge shall rule on the proposal referred to in paragraph (2) of this Article by issuing the conclusion.

Final Distribution

Article 144

The final distribution of bankruptcy estate shall be conducted after the realisation of the entire bankruptcy estate or a substantial portion thereof, if the main distribution did not cover the entire distribution estate.

Exceptionally, the final distribution referred to in paragraph 1 of this Article may also be executed if:

1) During the bankruptcy proceedings the bankruptcy administrator, after several attempts to cash in the property of the bankruptcy debtor in the manner prescribed by this Law, fails to cash in the entire bankruptcy estate, i.e. its predominant part, or

2) The claims of the creditors with corresponding interest in accordance with this Law have been fully satisfied in the bankruptcy proceedings.

Final distribution shall be conducted in the manner and under the conditions prescribed for the main distribution.

Final Hearing

Article 145

The bankruptcy judge shall issue a decision scheduling the final hearing at which:

1) Final account of the bankruptcy administrator is discussed;

2) Final bankruptcy administrator's award requests are discussed;

3) Objections are made to the final account or to award and reimbursement requests;

4) Parts of bankruptcy estate that were not distributed are decided upon;

5) Other issues of importance for the liquidation of the bankruptcy debtor are decided upon.

The decision on final hearing shall be posted on the bulletin board of the court and published in the "Official Gazette of the Republic of Serbia".

Between announcing the invitation to the final hearing and holding the hearing a time period of not less than eight and not more than 30 days must pass.

Deposition of Retained Funds

Article 146

The bankruptcy administrator shall, with the consent of the bankruptcy judge and on behalf of interested parties, deposit with the court or on a specialpurpose account the funds that have been retained on account of contested claims during the final distribution of the bankruptcy estate.

Managing the Remaining Parts of Bankruptcy Estate

Article 147

In the event that in the bankruptcy proceedings, before the final distribution or during the final distribution, the claims of the creditors have been satisfied in full with the corresponding interest in accordance with this Law, the bankruptcy administrator is obliged to distribute the remaining part of the distribution estate, as well as the possibly not cashed in property of the bankruptcy of the debtor referred to in Article 144, paragraph 2 of this Law, to the members of the company, in accordance with the rules of the liquidation procedure. In that case, the bankruptcy administrator issues a decree on the final distribution whereby ordering the erasure of all the burdens on property distributed to members of the company. Exceptionally, the bankruptcy administrator shall not distribute the not cashed in assets to those members of the company who waive the right to such distribution and inform thereof the bankruptcy administrator in writing not later than 15 days after the day of publication of the final distribution draft on the court's bulletin board.

Any remaining part of the bankruptcy estate proportional to the sociallyowned share in the capital of the bankruptcy debtor shall be paid into the budget of the Republic of Serbia and distributed according to the law governing the privatization.

The remainder of the bankruptcy estate, in a part which is proportional to the share value of cooperative property in the total assets of the bankruptcy debtor, or cooperative capital in the total capital of the bankruptcy debtor, shall be transferred to the national cooperative union, whose members was the cooperative, or to the cooperative alliance established in the territory where are the headquarters of that cooperative, and shall be used to establish a

new cooperative, or for development of cooperatives in the territory where were the headquarters of that cooperative.

At a reasoned proposal of the bankruptcy administrator, the bankruptcy judge may rule to distribute assets referred to in paragraphs (1) and (2) of this Article even before any payment to creditors if it is incontrovertibly established that available monetary assets (of the existing distribution estate) are sufficient to settle the creditors in full, along with accrued interest in accordance with this Law.

3. Concluding the Bankruptcy Proceedings

Decision on Concluding the Bankruptcy Proceedings

Article 148

At the final hearing, the bankruptcy judge shall render a decision concluding the bankruptcy proceedings.

If all the assets of the bankruptcy debtor have been realised, and there are ongoing litigations, the judge may, at the bankruptcy administrator's request, render a decree on concluding the bankruptcy proceeding, but not before issuing a decree on the main distribution.

In case referred to in paragraph (2) of this Article the bankruptcy administrator shall be appointed representative of the debtor's bankruptcy estate which comprises of assets set aside on account of contested claims and assets realised through the conclusion of litigations in favour of the bankruptcy debtor.

The bankruptcy estate shall be entered into the bankruptcy estate register and shall be represented by the bankruptcy administrator.

In case the litigation results in a decision in favour of the creditor of the contested claim, the bankruptcy administrator shall, upon the finality of such decision, pay such creditor in accordance with the decision on main distribution.

In case the litigation results in a decision in favour of the bankruptcy estate, the bankruptcy administrator shall act in accordance with the provisions of this Law governing subsequent distribution.

The decision referred to in paragraph (1) of this Article shall be posted on the court's bulletin board and published in the "Official Gazette of the Republic of Serbia", and once it becomes final, it shall be delivered to the register of business entities or other appropriate register in order to strike the bankruptcy debtor off such a register.

Subsequent Distribution

Article 149

If after the bankruptcy case is concluded assets are discovered that are eligible for inclusion into the bankruptcy estate, the bankruptcy judge shall, at the request of the bankruptcy administrator or other interested party, conduct a subsequent distribution by realising assets and distributing the proceeds of such sale.

In case debtor's assets are discovered subsequently, these assets shall be sold and distributed as prescribed by this Law, except the provisions relating to the rights and obligations of creditor bodies. The sale of subsequently discovered assets shall be subject to approval by the bankruptcy judge.

The decision on conducting subsequent distribution may not be appealed.

The decision on conducting subsequent distribution shall be served on the bankruptcy administrator who shall realise any subsequently discovered assets and distribute the proceeds of sale in accordance with the decision on main distribution.

The bankruptcy administrator shall submit to the bankruptcy court a supplementary final account on the realisation and distribution of subsequently discovered assets.

The bankruptcy administrator shall be entitled to an award upon selling subsequently discovered assets and settling creditors' claims from the proceeds of such sale. The award shall be determined according to the bases and criteria referred to in Article 34(2) of this Law.

X SPECIAL PROCEDURE IN CASE OF CONTINUING INSOLVENCY

Articles 150-154**

(Ceased to be valid on the basis of the Decision of the Constitutional Court)

XI REORGANISATION

Conducting Reorganisation

Article 155

Reorganisation shall be conducted if this ensures more favourable settlement of creditors in relation to compulsory liquidation.

Reorganisation shall be conducted in accordance with the plan of reorganisation that shall be prepared in writing.

The plan of reorganisation may be filed concurrently with the petition for bankruptcy or after the opening of bankruptcy in accordance with this Law.

If the plan of reorganisation is filed concurrently with the petition for bankruptcy, it shall be referred to as a prepackaged plan of reorganisation, and its content and the associated procedure shall be determined in accordance with appropriate provisions of this Law.

Contents of Reorganisation Plan and Prepackaged Reorganisation Plan

Article 156

The reorganisation plan shall contain:

1) A short introduction providing general explanation of the business of the bankruptcy debtor and circumstances leading to financial difficulty;

2) A list of measures and means for the realisation of the plan, as well as a detailed description of measures that need to be taken and the manner of conducting reorganisation;

3) Detailed list of creditors divided into classes and criteria for the formation of the classes;

4) Amount of pecuniary funds or assets that will serve for total or partial satisfaction of each class of creditors, as well as the funds reserved for creditors of disputed receivables, the manner of satisfaction of claims and the time schedule of payments;

5) Description of asset sale procedure, along with a list of assets to be sold with or without security interest, and the use of proceeds of any such sale;

6) Deadlines for realisation of the reorganisation plan and deadlines for realisation of measures of reorganisation plan;

7) Clear statement to the effect that the adoption of the reorganisation plan shall result in redefinition of all creditors' rights and duties in accordance with the adopted reorganisation plan, including situations where a plan is not fully realised or where its realisation is suspended;

8) List of all members of managing bodies and their remuneration;

9) List of experts to be retained and their remuneration;

10) Name of independent expert who shall monitor the implementation of the plan in the interest of all creditors included in the plan and the manner of such expert's reporting to creditors on the implementation of the reorganization plan, amount and dynamics of remuneration for his work, indicating the procedure for his change;

11) Annual financial reports for the previous three years with the opinion of the auditor if the reports were subject of audit;

12) Financial projections, including the projected profit and loss account, balance sheet and cash flow report for the period of plan realisation;

13) Assessment of the value of the property of the bankruptcy debtor, as well as an estimate of the monetary amount of the settlement that would be realized by conducting compulsory liquidation and conducting a reorganization, for each of the creditors' classes separately, made by an authorized expert (appraiser) in accordance with the national standards for managing the bankruptcy estate, not older than 12 months;

14) Date of commencement of realisation of reorganisation plan;

15) Term of plan realisation which may not exceed five years;

16) Proposal for the appointment of members of the commission of creditors, if the plan envisages its existence;

17) Information on individuals (for domestic natural person: name and Unique Master Citizen Number; for foreign natural person: personal name, passport number and country of

issuance, or if there is an issued identity card for foreigners, name and personal number of foreigner; for domestic legal person: business name, registered office and company registration number; for foreign legal person: business name, registered office, the number under which that legal person is filed in the national registry and the country of that registry), which, according to the plan of reorganization become members of that legal person;

18) Information on persons affiliated with the bankruptcy debtor, within the meaning of this law.

19) *(Deleted)*

An independent expert referred to in paragraph 1, item 10) of this Article may neither be a person who is employed by the bankruptcy debtor or by a person who is affiliated with the bankruptcy debtor within the meaning of this law, nor a person who is affiliated with the bankruptcy debtor, in terms of this law.

The term referred to in paragraph 1(15) of this Article shall not apply to measures for the realisation of the plan of reorganisation relating to debt repayment through instalments, changes of maturity dates, interest rates or other terms of a loan, credit or other claim or a security instrument, or to the term of repayment of a credit or loan obtained during the bankruptcy proceeding or in accordance with the plan of reorganisation, nor to the maturity of debtor's securities.

A prepackaged plan of reorganisation shall contain, in addition to elements referred to in paragraph (1) of this Article, the following:

1) A clause to the effect that a creditor's claim which is not covered by the plan's provisions on creditor settlement shall be settled in the same manner and under same conditions as other creditors' claims of the same class;

2) Signed non-binding statement by the majority creditors according to the value of claims of each class envisaged by the plan that they agree with the content of the reorganization plan and are ready to vote for its adoption;

3) A statement of the bankruptcy debtor substantiating the validity of data and information referred to in the plan;

4) *(Deleted)*

5) An extraordinary report with the auditor's opinion on the financial statements of the bankruptcy debtor setting out the state of business books established no later than 90 days prior to the filing of the prepackaged reorganisation plan with the court, with an overview of all claims and percentage of each creditor's claim in appropriate class;

6) A statement of an auditor or a licensed administrator confirming the feasibility of the pre-packaged plan of reorganisation;

7) A brief overview of important developments in the business operations expected after the day the plan was formulated and overview of liabilities that are expected to become due within 90 days following the plan formulation, as well as the manner of settling those liabilities.

Measures for Implementation of Reorganisation Plan

Article 157

Measures taken to accomplish the reorganisation shall be:

1) predictions of the repayment through instalments, change of maturity dates, interest rates or other terms of a loan, a credit or other claim or a security instrument;

2) Satisfaction of claims;

3) Sale of property of the bankruptcy estate, with or without continuation of lien, pledge, or security interest or transfer of such property in satisfaction of claims;

4) Closure of plants or change of business activities;

5) Cancellation or reformulation of contracts;

6) Discharge of debt;

7) Enforcement, modification or renunciation of security interests, with the consent of the holder of the pledge right;

8) Pledge of encumbered or unencumbered assets;

9) Conversion of debt to equity;

10) Conclusion of a credit or a loan agreement;

11) *(Deleted)*

12) Termination of employment or engagement of other persons;

13) *(Deleted)*

14) Amendments to the debtor's articles of association or other establishing or governing documents;

15) Status changes;

16) Changes of legal form of company;

17) Transfer of part or all of the property to one or more existing or newly established entities;

18) Cancellation or issuance of new securities by the debtor, or of any new entity created;

19) Any other measures important for the realisation of the reorganisation plan.

In the event that the plan of the reorganization foresees a measure of converting claims into the bankruptcy debtor's equity, the proposer is obliged to submit, along with the reorganization plan, the appraisal of the bankruptcy debtor’s equity, not older than six months, performed by an authorized expert (appraiser).

The rights of lien creditors who are not secured creditors may not change or diminish in the reorganization plan without their explicit consent.

Lien creditors may not vote on the reorganization plan.

The implementation of the measures envisaged by the reorganization plan, and in particular the changes in the bankruptcy debtor's equity structure and alienation or other disposal of immovable property registered as a socially-owned property, may not be carried out contrary to the provisions of the laws governing the protection of socially owned capital in companies that operate under majority socially-owned capital, i.e. which regulate the protection of property that is registered as a socially-owned property in cooperatives. The submitter of the reorganization plan is obliged to submit a prior consent to the reorganization plan, issued by the organization referred to in Article 19, paragraph 2 of this Law, in the appendix to the reorganization plan, and that organization, in the process of providing prior consent to the reorganization plan, acts with special urgency and is obliged to issue a document upon request for prior consent within 15 days from the day of receipt of the request.

Implementation of the measures envisaged by the reorganization plan may not be carried out contrary to the provisions of the law regulating financial collateral.

Filing a Prepackaged Reorganisation Plan

Article 158

An organization that is determined by a special law to perform the duties of a bankruptcy administrator pursuant to Article 19, paragraph 2 of this law shall be authorized on behalf of the legal person with majority public and social capital to file a prepackaged plan of reorganization.

If the organization referred to in paragraph 1 of this Article is the filer of the prepackaged reorganization plan, it may not be appointed as an independent expert who will monitor the implementation of the plan.

If the bankruptcy debtor files, simultaneously with the petition for bankruptcy, the pre-packaged reorganisation plan, such bankruptcy filing shall clearly state that reorganisation in bankruptcy is being proposed under a prepackaged reorganisation plan.

Along with the filing referred to in paragraph (1) of this Article, the bankruptcy debtor shall be obliged to provide proof of existence of any grounds for bankruptcy referred to in Article 11 of this Law.

The bankruptcy judge shall, either ex officio or upon objection of an interested party, reject the bankruptcy filing and the prepackaged reorganisation plan if:

1) The plan is not in compliance with the Law;

2) The plan does not include creditors who may have affected the vote on the plan's adoption had they been included;

3) The plan is incomplete or contains inaccuracies and, in particular, if the provisions of this Law concerning the authorised petitioners, content and deadline for the filing of the plan of reorganisation have not been adhered to, and the deficiencies could not be, or have not been, remedied by the deadline set by the bankruptcy judge.

4) *(Deleted)*

Where the prepackaged reorganisation plan contains remediable deficiencies or technical inaccuracies, the bankruptcy judge may instruct the bankruptcy debtor to make required changes within eight days.

If the bankruptcy debtor fails to act as instructed within the specified deadline, the bankruptcy judge shall reject the filing for bankruptcy under a prepackaged plan of reorganisation.

If, prior to making a decision on the proposal of the creditor for the initiation of bankruptcy proceedings, the bankruptcy debtor filed a motion for initiating a bankruptcy proceeding in accordance with a prepackaged reorganization plan, the bankruptcy judge shall first decide on the proposal of the bankruptcy debtor for initiating a bankruptcy proceeding in accordance with the prepackaged reorganization plan.

If the proposal for initiating a bankruptcy proceeding in accordance with the prepackaged reorganization plan has been finally rejected, i.e. dismissed, the bankruptcy debtor is authorized to submit a new proposal for initiating a bankruptcy proceeding in accordance with the prepackaged reorganization plan.

In the event that a creditor has filed a motion for initiation of bankruptcy proceedings against a bankruptcy debtor before the submission of a new proposal under paragraph 9 of this Article, the court shall first decide on the proposal for initiating a bankruptcy proceeding submitted by the creditor.

Preliminary Proceeding for Establishing the Existence of Conditions for Opening Bankruptcy under Prepackaged Reorganisation Plan

Article 159

The bankruptcy judge shall, within three days of the filing of the orderly petition referred to in Article 158 of this Law, render the decision to initiate preliminary proceeding to establish whether the conditions have been met for opening bankruptcy under a prepackaged reorganisation plan, and shall convene a hearing for consideration and voting on the reorganisation plan, to which he shall summon all creditors.

The hearing for the deciding on the proposal and voting on the plan is held no later than 90 days from the day of rendering of the decision referred to in paragraph 1 of this Article.

The decision referred to in paragraph 1 of this Article, together with the text of the prepackaged reorganization plan shall be submitted to the authorized organization and to the organization in charge of keeping the register of companies, for publication and recording.

The announcement of the initiation of the preliminary proceeding for establishing whether conditions exist for opening bankruptcy under a prepackaged plan of reorganisation shall be drafted by the bankruptcy judge following the decision referred to in paragraph (1) of this Article.

The announcement referred to in paragraph (4) above shall be posted on the court’s bulletin and electronic bulletin board and in the "Official Herald of the Republic of Serbia", as well as

in one widely circulated daily newspaper that is distributed on the entire territory of the Republic of Serbia. The filer shall advance the cost of the announcement and other costs of the preliminary proceeding referred to in paragraph (1) of this Article, in the amount set by court and within three days from the receipt of the court order.

If the filer fails to make the advance payment within the deadline specified in paragraph (5) of this Article, the bankruptcy judge shall suspend the preliminary proceeding and reject the plan.

The announcement referred to in paragraph (4) of this Article must contain, along with the information from the decision to initiate the preliminary proceeding, the following information:

1) Notification to creditors of the place and time they may inspect the proposed prepackaged plan of reorganisation;

2) Invitation to interested persons to submit to the competent court all remarks on the proposal of a prepackaged reorganization plan whereby challenging the contents of the prepackaged reorganization plan or the basis or amount of the claims enclosed in the plan, within 15 days from the day of publication of the announcement in the "Official Herald of the Republic of Serbia".

The bankruptcy judge may order the plan filer to publish the announcement referred to in paragraph (4) of this Article in other national and foreign media.

Hearing for voting on the prepackaged plan of reorganization may not be held before the expiry of the period of 60 days from the initiation of the procedure referred to in paragraph 1 of this Article.

Remarks on Prepackaged Reorganization Plan and Amendments of Plan

Article 159a

Remarks by interested persons submitted to the court after the expiration of the time limit referred to in Article 159, paragraph 7, item 2) of this Law shall not be taken into consideration by the court.

The proposer of the plan is obliged to submit a reply to the remarks to the competent court within 15 days from the expiration of the time limit referred to in Article 159, paragraph 7, item 2) of this Law.

Answers to the remarks submitted to the court after the expiration of the time limit referred to in paragraph 2 of this Article shall not be taken into consideration by the court.

Within the time limit referred to in paragraph 2 of this Article, the proposer may, only once, amend the reorganization plan (in the form of a consolidated text), with a clear indication that it as an amended plan.

In the event that the proposer submits to the court an amended plan in accordance with paragraph 4 of this Article, the procedure will be continued according to the so amended plan, and:

1) The proposer is not obliged to submit to the court, along with the amended plan, the statements of majority creditors from paragraph 156, paragraph 4, item 2) of this Law;

2) The court is obliged to draft and publish an announcement on holding of a hearing for deciding on the proposal and for voting on the plan in accordance with Article 159, paragraphs 4-9 of this Law.

Checking of Accuracy of Data from the Plan and Security Measures

Article 159b

During the preliminary proceeding referred to in Article 159, paragraph 1 of this Law, a bankruptcy judge may, at the request of an interested person or ex officio, hire authorized experts (appraisers, experts or auditors) in order to determine the accuracy of data from a prepackaged reorganization plan. The costs of hiring an expert fall into the costs of the preliminary proceeding.

The expert from paragraph 1 of this Article is obliged to deliver his statement to the court not later than eight days before the hearing for discussion and voting on the plan of reorganization.

At the proposal of the submitter of the plan or ex officio, during the preliminary procedure referred to in paragraph 1 of this Article, the bankruptcy judge may impose the measure of preventing the change in financial state and property ownership of the bankruptcy debtor, which includes:

1) Appointment of a temporary bankruptcy administrator;

2) Prohibition of payment, without the prior consent of the bankruptcy judge or temporary bankruptcy debtor, from the bankruptcy debtor's accounts if the bankruptcy debtor's accounts are not blocked, i.e. approval for payment from the bankruptcy debtor's account with the consent of the bankruptcy judge or temporary bankruptcy administrator, if, at the time of rendering of the decision referred to in paragraph 1 of this Article, the accounts of the bankruptcy debtor have been blocked in order to enforce the basis and order for enforced collection with the organization that implements the forced collection procedure;

3) Prohibition on disposing of the assets of the bankruptcy debtor without prior consent of the bankruptcy judge or temporary bankruptcy administrator;

4) Prohibition of imposing and implementing enforcement or initiation of the out-of-court satisfaction procedure against the bankruptcy debtor;

5) Prohibiting the organization that implements enforced collection to act on enforced collection orders and disburse amounts from the bankruptcy debtor’s account.

In case of violation of the prohibition of disposal referred to in paragraph 3, item 3) of this Article the provisions of this Law regarding legal consequences of violation of the prohibition of disposal after the opening of the bankruptcy proceedings shall apply mutatis mutandis.

The security measure referred to in paragraph 3 of this Article is valid until the final ending of preliminary proceeding referred to in Article 159, paragraph 1 of this Law, but not longer than

six months, and it may not be re-imposed in the same proceeding, and the bankruptcy judge may terminate this measure even before the expiration of that time limit.

If the bankruptcy judge imposes the measure from paragraph 3 of this Article, he issues a decree to specify the purposes for which payments can be made from the bankruptcy debtor's account with the consent of the bankruptcy judge.

The accounts of the bankruptcy debtor which have been blocked on the day of submitting the proposal from Article 158 of this Law in order to conduct enforcement of the basis and order for enforced collection with the organization that implements the forced collection procedure or have been blocked during the preliminary bankruptcy proceeding remain blocked until the end of the preliminary bankruptcy proceeding, unless the bankruptcy debtor settles all due liabilities on the basis of which these accounts were blocked in the first place.

The decree whereby the measure referred to in paragraph 3 of this Article has been rendered is served on the organization that implements the forced collection procedure; such organization informs all commercial banks thereof without delay, in order to prevent the transfer of funds and other transactions of the bankruptcy debtor, i.e. to enable payments in accordance with paragraph 3 of this Article.

For the purpose of deciding upon a motion for security measure referred to in paragraph 3 of this Article, a bankruptcy judge may schedule and hold a special hearing.

The measure referred to in paragraph 3 of this Article may not be imposed in relation to the funds in the account, i.e. the property of the bankruptcy debtor which has been given to the recipient of collateral in the sense of the law regulating financial collateral.

Hearing to Consider Opening of a Proceeding under the Prepackaged Reorganisation Plan

Article 160

For the purposes of voting on the prepackaged reorganisation plan, all debts of the bankruptcy debtor which incurred before the filing of the prepackaged reorganisation plan was made shall be deemed due as of the day of the hearing for voting on the plan.

At the request of an interested person, the bankruptcy judge may assess the amount of receivables for the needs of voting if that person provides evidence that the amount of receivables stated in the prepackaged reorganization plan is incorrect.

If the prepackaged reorganisation plan is adopted at the hearing, the bankruptcy judge shall rule to open bankruptcy, confirm the adoption of the proposed prepackaged reorganisation plan, and suspend bankruptcy.

If the prepackaged reorganisation plan is not adopted at the hearing, the bankruptcy judge shall rule to reject the filing for bankruptcy under the prepackaged reorganisation plan.

Provisions of this Law regulating reorganisation and the plan of reorganisation, except the provisions of Articles 161-164b of this Law, shall apply to preliminary bankruptcy proceedings under a prepackaged reorganisation plan, unless otherwise expressly prescribed by this Law.

The expenses of formulation and filing the prepackaged reorganisation planas well as the costs of the preliminary bankruptcy proceedings shall be borne by the proposing party.

The debts incurred from the day of filing of the prepackaged reorganisation plan to the day of the hearing on the proposal, should the plan be adopted, shall be deemed the expense of the bankruptcy proceeding, unless otherwise provided in the plan of reorganisation.

The Minister shall specify the manner of conducting reorganisation under the prepackaged reorganisation plan and the contents of such a plan.

Reorganisation Plan Filer and Filing Costs

Article 161

The reorganization plan may be submitted by the bankruptcy administrator, the secured creditors, bankruptcy creditors, as well as persons who own at least 30% of the bankruptcy debtor's capital, if the liquidation decision has not been made at the initial creditor's hearing.

In the event that the proposer of the reorganization plan is not a bankruptcy administrator, the bankruptcy administrator is obliged to actively cooperate with the authorized proposer and to provide him with information about the assets and liabilities of the bankruptcy debtor, as well as any other information relevant for the preparation of the bankruptcy debtor's reorganization plan.

Expenses of formulation and filing of a plan of reorganisation shall be covered by the proposing party. The expenses related to the formulation and filing of a plan of reorganisation proposed by the bankruptcy administrator shall be deemed the expense of the bankruptcy proceeding.

Filing Deadline

Article 162

A reorganisation plan shall be submitted to the bankruptcy judge no later than 90 days after the date of case opening.

Determining Accuracy of Data, Modification and Rejection of the Proposed Reorganization Plan

Article 163

The bankruptcy judge may, ex officio or upon the request of an interested party, order the bankruptcy administrator or retain other experts to determine the accuracy of data provided in the draft reorganisation plan. Expenses incurred on this basis shall be borne by the filer of the draft reorganisation plan.

The proposer is authorized only once to modify the reorganization plan (in the form of a consolidated text) in the same bankruptcy procedure, upon receipt of the creditor's remarks and within the deadline referred to in Article 164a paragraph 2 of this Law, with a clear indication that this is a modified plan.

The bankruptcy judge shall, ex officio or at the proposal of an interested partywithin a period of eight days, reject a draft reorganisation plan if:

1) The provisions of this Law concerning the authorised filers, content and deadlines for filing were not adhered to, and the deficiencies could not be, or have not been, remedied by appropriate deadline set by the bankruptcy judge;

2) The plan does not adhere to other regulations;

3) The plan does not include creditors who, if included in the plan, could use their vote to influence the decision on adoption of the plan.

The decision rejecting the reorganisation plan may be appealed only by the proposer.

Scheduling and Announcing Hearing for Consideration and Voting on Reorganization Plan

Article 164

The bankruptcy judge schedules and holds a hearing to consider the proposal of the reorganization plan and to hold a vote of creditors within 90 days from the day of submission of the reorganization plan proposal.

The court, without delay, delivers the plan of reorganization to the register of economic entities, as well as to another appropriate register for publication on the internet page of that registry.

The ad about the hearing for the consideration of the reorganization plan and voting by the creditors is announced by the court on the bulletin board and electronic bulletin board of the court, in the "Official Herald of the Republic of Serbia" and in one high-circulation magazine distributed throughout the territory of the Republic of Serbia.

The ad indicates the business name and registration number of the bankruptcy debtor, the name i.e. business name of the proposer, the date and place of the hearing and voting procedure, as well as the way in which all interested persons can become acquainted with the content of the plan.

The ad referred to in paragraph 3 of this Article must also contain an invitation to interested persons to submit all remarks on the proposal of the reorganization plan that challenge the contents of the reorganization plan or the basis or amount of the claims covered by the plan to the competent court within 15 days from the day of publication of the ad in the "Official Herald of the Republic Serbia".

The bankruptcy judge may instruct the applicant to also publish the ad referred to in paragraph 3 of this Article in other national and international media.

Remarks on Plan and Modifications of Reorganization Plan

Article 164a

Remarks by interested persons submitted to the court after the expiration of the time limit referred to in Article 164, paragraph 5 of this Law shall not be taken into consideration by the court.

The proposer of the plan is obliged to deliver the response to the remarks of interested persons to the court within 15 days from the expiration of the time limit referred to in Article 164, paragraph 5 of this Law.

Answers to the remarks delivered after the expiration of the deadline referred to in paragraph 2 of this Article shall not be taken into consideration by the court.

A hearing for vote on a reorganization plan may not be held before the expiration of 60 days from the date of submission of the reorganization plan to the court.

In the event that the applicant delivers to the court a modified reorganization plan in accordance with Article 163, paragraph 2 of this Law, the proceeding shall be continued according to such modified plan, whereby the court is obliged to compile and publish an ad on holding a hearing for deciding on the proposal and voting on plan in accordance with article 164, paragraphs 3-6 of this Law.

The court delivers, without delay, the modified plan of reorganization to the register of economic entities i.e. other relevant register for publication on the internet page of that registry.

Voting Right and Classes of Creditors

Article 165

All creditors shall be eligible to vote on the plan in proportion to the amount of their claims. Where a claim has been contested or remained unexamined, the bankruptcy judge shall estimate the claim for purposes of voting.

Where votes are cast in writing, ballot papers containing authorised signatures of authorised representatives must be submitted to the court.

Voting shall be done on a class basis. Creditors' claims shall be divided into classes based upon secured and priority rights (payment ranks) of their claims.

For the purpose of exercising voting rights of secured creditors bankruptcy judge assesses the likelihood of settlement of their claims from the encumbered assets.

A secured creditor, i.e. other interested person, is authorized to submit to the court, for the purposes of the assessment referred to in paragraph 4 of this Article, an appraisal of the value of the encumbered property made by an authorized expert (appraiser). If only one appraisal has been submitted to the court, the bankruptcy judge will determine on the basis of that appraisal the probability of satisfaction of the secured claim from the encumbered property. In the submitted appraisal raises doubt, the bankruptcy judge may instruct the engagement of another authorized expert (appraiser) who will perform a new appraisal. Secured creditors exercise the right to vote within a class of receivables in which their claim would have been classified if it has not been secured by such collateral, for the amount of the claim assessed by the bankruptcy judge, on the basis of explained consideration of all submitted appraisals, as not possible to be settled from the encumbered property by secured creditors.

The bankruptcy judge may order or allow the formation of one or more additional classes, provided that:

1) Real and substantial attributes or rights of claims are such that the formation of a separate class is warranted;

2) All claims within the proposed separate class are substantially similar, except for any convenience class pursuant to paragraph (6) of this Article.

Persons affiliated with the debtor, in terms of this law, except persons who, within their regular activity, engage in granting loans, form a special class of creditors and shall not vote on the plan of reorganization. In the event that the plan of reorganization was filed in the bankruptcy proceedings, claims of affiliated parties shall be settled in the same manner and under the same conditions as the claims from the class of bankruptcy creditors according to the payment order wherein their claim was classified.

A special administrative class may also be formed for administrative reasons, where there are more than 100 claims which individual amounts do not exceed RSD 50,000, provided that the court approves the formation of such a class. Such a class of convenience claims may receive expedited satisfaction where necessary to relieve the administrative burden that is attributable to a large number of relatively small claims and where it is evident that sufficient resources will be available for prior payment of claims from classes formed within the first and second payment ranks.

Voting and Adoption of Reorganization Plan

Article 165a

Before the beginning of the vote, the court informs all present at the hearing about voting results in writing (voting in absentia).

The reorganization plan is deemed adopted in one class of creditors if the creditors, who hold the simple majority of claims in respect to aggregate claims of creditors in that class, have voted for the reorganization plan.

The class of creditors whose claims under the reorganization plan should be fully settled in cash before the beginning of the implementation of the reorganization plan does not vote about the reorganization plan, i.e. it is deemed that the reorganization plan has been adopted by that class.

The reorganization plan is deemed adopted if it is duly accepted by all classes that vote about the plan and if it is in accordance with the provisions of this Law.

The day of start of the implementation of the reorganization plan is deemed to be the day determined by the reorganization plan, but that day may neither take place before the finality of the decision on the confirmation of the reorganization plan, nor after the expiration of the 30 days from the day of finality of that decision.

If more than one reorganization plan is submitted in bankruptcy proceedings, they are voted on in the order in which they are submitted, and the first reorganization plan that wins the vote is deemed as adopted.

If a reorganization plan, except the plan referred to in Article 158 of this Law, does not receive the required number of votes, bankruptcy shall be conducted against the bankruptcy debtor.

Decision Confirming Adoption of Reorganisation Plan

Article 166

At the hearing for consideration of the draft reorganisation plan, the bankruptcy judge shall render a decision either confirming the adoption of the reorganisation plan or noting that the plan has not been adopted.

Upon the decision confirming the adoption of the reorganisation plan becoming final, the bankruptcy proceeding shall be suspended.

The decision referred to in paragraph (1) of this Article shall be posted on the court's bulletin board and served on bankruptcy, secured and lien creditors, the bankruptcy debtor and the plan filer if other than the bankruptcy debtor.

The decision referred to in paragraph (1) of this Article may be appealed by the bankruptcy debtor, bankruptcy administrator, and bankruptcy, secured and lien creditors.

Upon the decision referred to in paragraph (1) of this Article becoming final, the bankruptcy judge shall serve the adopted plan of reorganisation on the register of business entities, or other appropriate register, for purposes of its publishing on the website of such register or in other appropriate way if the register does not have its website. The register shall ensure that the adopted plan of reorganisation is permanently available to all third parties.

Legal Consequences of Plan Confirmation

Article 167

Upon the decision confirming the adoption of the plan of reorganisation, all claims and rights of the creditors and other parties and obligations of the debtor specified by the plan shall be governed solely by terms stated in the plan. The adopted plan of reorganisation shall have the force of executive title and shall be considered to be a new contract for the satisfaction of claims presented therein.

Any transactions entered into and actions taken by the bankruptcy debtor shall be in compliance with the adopted reorganisation plan.

The bankruptcy debtor shall be obliged to take all measures set out in the adopted plan of reorganisation.

With the finality of the decision confirming the adoption of the reorganisation plan in bankruptcy, all legal consequences of opening bankruptcy shall terminate, and the designation "in bankruptcy" shall be deleted from the company name of the bankruptcy debtor.

The bankruptcy debtor is authorized, before or after the expiration of the time limit for the implementation of the reorganization plan, to submit a proposal for initiating a bankruptcy proceeding in accordance with the prepackaged reorganization plan, under the conditions prescribed by this Law

Priority of Creditor Classes

Article 168

In any plan of reorganisation, no class ranked lower in priority shall receive any distribution or retain certain rights unless all higher ranking classes have been satisfied in full or have voted, in accordance with the reorganisation plan, to be treated as a class of lower rank.

Satisfaction Exceeding Face Value of Claim

Article 169

A reorganisation plan may propose satisfaction of claims that is greater in amount than the face value of the original claim, as compensation for delay in payment.

A class higher in priority may receive a distribution exceeding the full satisfaction of their claims only when all lower ranking classes of creditors have been satisfied in full or have voted in favour of different treatment under the plan of reorganisation.

Exception from Application of other Regulations

Article 170

Reorganization participants' securities issued or cancelled pursuant to the provisions of the adopted reorganization plan are exempt from the requirements of regulations governing securities in part which relate to issue of prospectus and regulations governing takeover of joint stock companies, as well as regulations governing companies in the part relating to the cancellation of sharesand protection of creditors in the event of a decrease in share capital.

Right of Creditors to Information

Article 171

In the course of realisation of an adopted reorganisation plan all creditors referred to in the plan shall be entitled to information and access to documents of the entity undergoing reorganisation in accordance with the provisions of legislation governing companies that relate to the right of shareholders to information and access to the company documents.

Full Completion of Reorganisation Plan

Article 172

Upon successful completion of a reorganisation plan, whereby the bankruptcy debtor has settled all obligations set forth in the plan, the claims of creditors established by the reorganisation plan shall be extinguished.

Breach of Adopted Plan Fraudulent or Unlawful Plan as Grounds for Bankruptcy

Article 173

Creditors included in an adopted plan, as well as creditors whose claims have arisen before the adoption of the plan but were not included in the plan, may file for bankruptcy even if:

1) The reorganisation plan was put into effect in a fraudulent or unlawful manner;

2) The bankruptcy debtor fails to comply with or acts in contravention of the reorganisation plan, if this essentially jeopardizes the realization of the reorganization planor if such action, i.e. non-compliance with the plan of reorganization, is established as a cause for bankruptcy.

Realisation of a reorganisation plan shall be considered jeopardised within the meaning of paragraph 1(2) of this Article if failure to comply with or acting in contravention of an adopted reorganisation plan hassome of the following consequences:

1) Had a negative impact on cash flow of the entity undergoing reorganisation;

2) Prevented the entity undergoing reorganisation from operating;

3) Significantly jeopardised the interests of one or more creditor classes.

In the case referred to in paragraph 1 of this Article, a bankruptcy judge may engage an expert in the preliminary bankruptcy proceedings or appoint a temporary bankruptcy administrator in order to establish facts of importance for assessing the existence of a bankruptcy cause.

In cases referred to in paragraph (1) of this Article the bankruptcy judge may engage an expert or appoint an interim bankruptcy administrator to establish facts of importance for establishing grounds for bankruptcy during preliminary bankruptcy proceedings.

If the existence of grounds referred to in paragraph 1(1) of this Article is established, the bankruptcy judge shall determine in the decision opening bankruptcy that the bankruptcy proceeding should result in liquidation of the debtor.

XII CROSSBORDER BANKRUPTCY

Application of Cross Border Bankruptcy Provisions

Article 174

The provisions on crossborder bankruptcy shall apply where:

1) Assistance is sought in the Republic of Serbia by a foreign court or other foreign body exercising control or supervision over assets or operations of the debtor, or a foreign representative in connection with a foreign proceeding;

2) Assistance is sought in a foreign state by a court or a bankruptcy administrator in connection with a bankruptcy proceeding conducted in the Republic of Serbia under this Law;

3) A foreign proceeding and a bankruptcy proceeding under this Law in respect of the same debtor are taking place concurrently.

Foreign proceeding, within the meaning of this Law, shall mean a collective judicial or administrative proceeding in a foreign State, including an interim proceeding, pursuant to a law relating to insolvency in which proceeding the assets and affairs of the debtor are subject to control or supervision by a foreign court or other appropriate body for the purpose of reorganisation or compulsory or voluntary liquidation;

Foreign representative, within the meaning of paragraph (1) of this Article, shall be a person or body, including one appointed on an interim basis, authorised in a foreign proceeding to administer reorganisation or liquidation of the debtor's assets or affairs, or to act as a representative of the foreign proceeding.

The Exclusive International Jurisdiction

Article 174a

The Court of the Republic of Serbia has exclusive jurisdiction for initiating, opening and conducting the bankruptcy proceedings against a bankruptcy debtor whose center of main interests is in the territory of the Republic of Serbia (main bankruptcy proceedings). The same court has exclusive international jurisdiction for all disputes arising from the bankruptcy proceedings.

Center of main interests should correspond to the place where the bankruptcy debtor regularly manages its interests and which is recognized as such by third parties.

In the absence of evidence to the contrary, it is assumed that the debtor has the center of its main interests in the place where it has its registered office.

Center of main interests shall be determined according to the facts existing at the time of submission of the proposal to initiate the main insolvency proceedings.

If the center of main interests of debtor is abroad, and its registered office is located in the Republic of Serbia, a court of the Republic of Serbia has exclusive jurisdiction, if by the law of the state where the debtor has the center of its main interests the bankruptcy proceedings may not be initiated or opened on the basis of center of main interests.

Main bankruptcy proceedings shall cover the entire property of the bankruptcy debtor, regardless the fact whether such property is located in the Republic of Serbia or abroad.

When the registered office of the bankruptcy debtor is abroad, and the center of its main interests in the Republic of Serbia, a court of the Republic of Serbia shall have exclusive jurisdiction for conducting of proceedings referred to in paragraph 1 of this Article.

International Jurisdiction According to Business Unit or Property of a Foreign Bankruptcy Debtor in the Republic of Serbia

Article 174b

If the court in the Republic of Serbia has no jurisdiction pursuant to article 174a paragraph 1 of this law, it shall have jurisdiction if the debtor has a permanent business unit without legal personality in the Republic of Serbia (secondary insolvency proceedings).

A permanent business unit shall mean any place of operations where the debtor carries out an economic activity, using human labor and goods or services.

If neither the center of main interests, nor the business unit of the bankruptcy debtor is located in the Republic of Serbia, but only his property, the secondary bankruptcy proceedings in the Republic of Serbia may be opened and conducted:

1) If there are grounds for bankruptcy, but in a country where the debtor has its center of main interests the bankruptcy proceedings may not be conducted due to the conditions provided for in the bankruptcy law of that country;

2) If under the law of the country where the bankruptcy debtor has its center of main interest, the bankruptcy proceedings applies only to property located in that country;

3) When a foreign court decision on the opening of bankruptcy proceedings may not be recognized.

A court in whose territory the permanent business unit of the bankruptcy debtor is located shall have jurisdiction over the bankruptcy proceedings and in lack of a business unit in the Republic of Serbia, the court in whose territory the debtor's property is located.

If several courts could have territorial jurisdiction for conducting the secondary bankruptcy proceedings, the court which was approached first with a proposition to initiate bankruptcy proceedings shall conduct the proceedings.

Secondary bankruptcy proceedings shall include only the property of the bankruptcy debtor that is located in the territory of the Republic of Serbia.

Relevant Law

Article 175

The law of the State where the proceedings were initiated shall govern the bankruptcy proceedings, unless otherwise stipulated herewith.

In case of recognition of foreign proceeding under this Law, the laws of the Republic of Serbia shall apply to assets subject to excluding rights or secured assets located in the territory of the Republic of Serbia.

The law governing labour contracts shall apply to effects of bankruptcy proceedings on labour contracts.

In Rem Jurisdiction for Recognition of Foreign Proceeding and Cooperation

Article 176

Recognition of foreign proceedings and cooperation with foreign courts and other appropriate bodies shall be performed by the court referred to in Article 15(1) of this Law, in accordance with the law.

Territorial Jurisdiction for Recognition of Foreign Proceeding and Cooperation

Article 177

The recognition of foreign proceedings and cooperation with foreign courts and other competent authorities shall be conducted by the court in whose territory is located the registered office or permanent business unit of the bankruptcy debtor.

If the debtor neither has a registered office nor a permanent business unit in the Republic of Serbia, the court in whose territory is the greater part of bankruptcy debtor's property shall have territorial jurisdiction.

In the event that bankruptcy proceedings are already being conducted in the Republic of Serbia, the court which conducts the bankruptcy proceedings shall have territorial jurisdiction to decide on the recognition and cooperation with foreign courts and other competent authorities.

Authorisation of Bankruptcy Administrator to Act in a Foreign State

Article 178

A bankruptcy administrator appointed under this Law shall be authorised to act in a foreign state on behalf of the bankruptcy debtor or the bankruptcy estate, as permitted by the applicable foreign law.

Public Policy Exception

Article 179

The appropriate court may refuse to take an action concerning a crossborder bankruptcy case if the action would be contrary to the public policy of the Republic of Serbia.

Assistance under Other laws

Article 180

Appropriate court or a bankruptcy administrator may provide additional assistance to a foreign representative, in accordance with law.

Interpretation

Article 181

In applying the provisions on crossborder bankruptcy the appropriate court shall especially take into account their crossborder character and the need to promote uniformity in their application in good faith.

Right of Direct Access

Article 182

A foreign representative shall be entitled to apply directly to a court in the Republic of Serbia.

When taking actions referred to in paragraph (1) of this Article by filing appropriate request or otherwise, a foreign representative shall be required to submit the following for purposes of proving his status:

1) The decision opening the foreign proceeding and appointing the foreign representative, either original or a certified copy or transcription thereof, translated into the language in official use at the appropriate court in the Republic of Serbia, accompanied by proof of its enforceability under the applicable foreign law;

2) A certificate issued by the foreign court or other appropriate body affirming the existence of the foreign proceeding and of the appointment of the foreign representative;

3) In the absence of proof referred to in subparagraphs 1) and 2) of this paragraph, any other proof of the existence of the foreign proceeding and of the appointment of the foreign representative acceptable to the appropriate court in the Republic of Serbia.

Jurisdiction in Case of Application by a Foreign Representative

Article 183

An application filed with the appropriate court in the Republic of Serbia by a foreign representative, pursuant to this Law, shall establish jurisdiction of such court solely in the matter of the application.

Application by a Foreign Representative to Commence a Proceeding under this Law

Article 184

A foreign representative shall be entitled to apply to commence a bankruptcy proceeding if conditions have been met to commence such a proceeding under this Law.

Participation of a Foreign Representative in a Proceeding under this Law

Article 185

Upon recognition of a foreign proceeding, the foreign representative shall be entitled to participate in a proceeding regarding the debtor under this Law.

Application for Recognition of a Foreign Proceeding

Article 186

A foreign representative may apply to the appropriate court in the Republic of Serbia for recognition of the foreign proceeding in which the foreign representative has been

appointed, whereby the foreign representative shall be required to prove his status as referred to in Article 182(2) of this Law.

An application for recognition shall be accompanied by a statement made by the foreign representative identifying all foreign proceedings in respect of the debtor that are known to the foreign representative, translated into the language in official use at the appropriate court in the Republic of Serbia.

Presumptions Concerning Recognition

Article 187

If the decision or certificate referred to in Article 182(2) of this Law indicates that the foreign proceeding is a proceeding within the meaning of Article 174(2) of this Law and that the foreign representative is a person or body within the meaning of Article 174(3) of this Law, the court may so presume.

The court may presume that documents submitted in support of the application for recognition are authentic, whether or not they have been legalised within the meaning of the law governing the legalisation of documents in international transactions.

In the absence of proof to the contrary, the debtor's registered office, or habitual residence in the case of an individual, shall be deemed to be the centre of the debtor's main interests.

Decision to Recognise a Foreign Proceeding

Article 188

Except in cases referred to in Article 179 of this Law, a foreign proceeding shall be recognised if:

1) The foreign proceeding is a proceeding within the meaning of Article 174(2) of this Law;

2) The foreign representative applying for recognition is a person or body within the meaning of Article 174(3) of this Law;

3) The application meets the requirements from Article 182(2) of this Law;

4) The application has been submitted to the appropriate court, within the meaning of Articles 176 and 177 of this Law.

The foreign proceeding shall be recognised:

1) As a foreign main proceeding if it is taking place in the state where the debtor has the centre of its main interests; or

2) As a foreign nonmain proceeding if the debtor has a permanent establishment in the foreign state in question.

Provisions of Articles 174a and 174b of this law shall apply mutatis mutandis to the main and secondary foreign proceeding.

An application for recognition of a foreign proceeding shall be decided upon as a matter of urgency.

The firstinstance court shall ex officio or at the request of an interested party modify or repeal the decision to recognise a foreign proceeding if it is shown that the conditions for granting it were lacking or have ceased to exist after the recognition of the foreign proceeding.

After the opening of the bankruptcy proceeding regarding the debtor whose centre of main interest is located in the Republic of Serbia, foreign proceeding may be recognised only as a foreign non main proceeding.

Against the decision rejecting the proposal for recognition of a foreign proceeding, the foreign debtor, the foreign representative, and creditors have the right to appeal within 15 days. Appeal shall not stay the enforcement.

Reporting Requirements

Article 189

From the time of filing the application for recognition of the foreign proceeding, the foreign representative shall promptly inform the court with which the application has been filed of:

1) Any substantial change in the status of the recognised foreign proceeding or the status of the foreign representative's appointment; and

2) Any other foreign proceeding regarding the same debtor that becomes known to the foreign representative.

Relief That May Be Granted Up on Application for Recognition of a Foreign Proceeding

Article 190

From the time of filing an application for recognition of a foreign proceeding until the application is decided upon, the court may, at the request of the foreign representative, where relief is urgently needed to protect the assets of the debtor or the interests of the creditors, grant relief of a provisional nature.

Relief referred to in paragraph (1) of this Article shall include the imposition of the following measures:

1) Prohibiting compulsory execution against the debtor's assets;

2) Entrusting the administration or realisation of all or part of the debtor's assets located in the Republic of Serbia to the foreign representative or another person designated by the court, in order to protect and preserve the value of assets that, by their nature or because of other circumstances, are perishable, susceptible to devaluation or otherwise in jeopardy;

3) Any other measures that may be imposed under this Law after the recognition of a foreign proceeding.

Provisions of this Law regulating security measures in preliminary bankruptcy proceedings shall apply accordingly to the establishment, duration, repeal and modification of measures referred to in paragraph (2) of this Article.

Measures granted by the court under paragraph (2) of this Article shall be repealed upon the adoption of the decision on the application for recognition, except where they have been extended under this Law within the relief granted after the recognition of a foreign proceeding.

The court may refuse to grant relief under this Article if such relief would interfere with the administration of a foreign main proceeding.

Legal Effects of Recognition of a Foreign Main Proceeding

Article 191

The consequences of recognition of a foreign main proceeding shall be as follows:

1) Prohibition of initiating new or stay of continuation of proceedings concerning the debtor's assets, rights, obligations or liabilities;

2) Prohibition on compulsory executions against the debtor's assets; and

3) Prohibition on transferring, encumbering or in any way disposing of the debtor's assets.

The court may allow for exemptions from application of consequences referred to in paragraph (1) of this Article only in cases provided for by this Law for exemption of application of consequences of opening of bankruptcy, as well as where it establishes that foreign main proceeding does not provide adequate protection of interests of creditors in the Republic of Serbia.

The prohibition or stay referred to in paragraph 1(1) of this Article shall not affect the right to commence individual actions or proceedings to the extent necessary to preserve a claim against the debtor.

The prohibitions referred to in paragraph (1) of this Article shall not affect the right to request the commencement of a bankruptcy proceeding in the Republic of Serbia, or the right to file claims in such a proceeding.

Relief That May Be Granted Up on Recognition of a Foreign Proceeding

Article 192

Upon recognition of a foreign secondary proceeding, if that is necessary to protect the property of the bankruptcy debtor or the interests of creditors, the court may, at the request of the foreign representative, to provide appropriate assistance through the determination of the following measures:

1) Prohibiting initiation of new, or suspending initiated proceedings related to the property, rights, obligations or liabilities of the debtor, if they were not stayed in accordance with Article 191, paragraph 1, item 1) of this law;

2) Prohibiting the enforcement on the property of the debtor, if the enforcement has not been suspended in accordance with Article 191, paragraph 1, item 2) of this law;

3) Restricting the transfer, encumbrance or other disposition of property of the debtor, if such a restriction is not a consequence of the application of Article 191, paragraph 1, item 3) of this law.

Upon recognition of a foreign main or secondary proceeding, if it is necessary to protect the property of the debtor or the interests of creditors, the court may, at the request of the foreign representative, provide appropriate assistance through the determination of the following measures:

1) Analyzing evidence by hearing witnesses or otherwise, as well as providing information concerning the property, business operations, rights, obligations or liabilities of the debtor;

2) Delegating a foreign representative or another person designated by the court to administrate or realize all, or part of the debtor's property located in the Republic of Serbia;

3) Extending the duration of the measures referred to in Article 190 paragraph 1 and 2 of this law;

4) Granting other powers vested in the bankruptcy administrator under this law or determining other prohibitions in accordance with this law.

Upon recognition of a foreign proceeding, whether main or nonmain, the court may, at the request of the foreign representative, entrust the distribution of all or part of the debtor's assets located in the Republic of Serbia to the foreign representative or another person designated by the court, provided that the court establishes that the interests of creditors in the Republic of Serbia are adequately protected.

In granting relief under this article to a foreign representative in case of a foreign nonmain proceeding, the court shall be obliged to establish that such relief relates to assets that, under the provisions of this Law, should be administered in the foreign non main proceeding or to information required in that proceeding.

Protection of Creditors and Other Interested Persons

Article 193

In granting or denying relief under Articles 190 and 192 of this Law, or in modifying or terminating such measures under paragraph (3) of this Article, the court shall be obliged to establish that interests of creditors and other interested parties, including the debtor, are adequately protected.

The court may subject certain relief measures to conditions it considers appropriate.

The court may, at the request of the foreign representative or a person affected by measures imposed as part of relief granted under Articles 190 and 192 of this Law, or ex officio, modify or terminate such measures.

Contesting Legal Transactions of Bankruptcy Debtor

Article 194

Upon recognition of a foreign proceeding, the foreign representative may challenge the legal actions of the bankruptcy debtor under the same procedural law that applies to the bankruptcy administrator.

In case of a foreign nonmain proceeding, the court shall be required to establish that contestation relates to assets that, under this Law, should be administered in the foreign nonmain proceeding.

Intervention by a Foreign Representative in Proceedings in the Republic of Serbia

Article 195

Upon recognition of a foreign proceeding, the foreign representative may, in accordance with the law, intervene in any proceedings in which the debtor is a party.

The authority of a foreign representative shall be a preliminary issue in the proceeding referred to in paragraph (1) of this Article.

Cooperation and Direct Communication between Courts of the Republic of Serbia and Foreign Courts or Other Appropriate Bodies or Foreign Representatives

Article 196

In cases referred to in Article 174 of this Law the court shall be required to cooperate to the maximum extent possible with foreign courts and other appropriate bodies or foreign representatives, either directly or through a bankruptcy administrator.

The court shall be entitled to communicate directly with, or to request information or assistance directly from, foreign courts and other appropriate bodies or foreign representatives.

Cooperation and Direct Communication between the Bankruptcy Administrator and Foreign Courts or Other Appropriate Bodies or Foreign Representatives

Article 197

In matters referred to in Article 174 of this Law, a bankruptcy administrator shall, in the exercise of its functions and subject to the supervision of the court, cooperate to the maximum extent possible with foreign courts and other appropriate bodies or foreign representatives.

The bankruptcy administrator shall be entitled, in the exercise of its functions and subject to the supervision of the court, to communicate directly with foreign courts and other appropriate bodies or foreign representatives.

Forms of Cooperation

Article 198

Cooperation referred to in Articles 196 and 197 may be implemented by any appropriate means, and in particular by:

1) Appointment of a person or body to act at the direction of the court;

2) Exchange of information by any means considered appropriate by the court;

3) Coordination of the administration and supervision of the debtor's assets and affairs;

4) Approval or implementation by courts of agreements concerning the coordination of proceedings;

5) Coordination of concurrent proceedings regarding the same debtor.

Opening of a Bankruptcy Proceeding after Recognition of a Foreign Main Proceeding

Article 199

After recognition of a foreign main proceeding, a bankruptcy proceeding may be opened only if the debtor has assets in the Republic of Serbia.

Bankruptcy proceedings referred to in paragraph 1 of this Article shall apply only in respect of the property of the debtor that is located in the Republic of Serbia. Exceptionally, territorial bankruptcy proceeding may also include property of the debtor located abroad, to the extent necessary for the exercise of cooperation in accordance with Articles 196, 197 and 198 of this law, and which should be managed as part of that bankruptcy proceedings.

Coordination of a Proceeding under This Law and a Foreign Proceeding

Article 200

Where a foreign proceeding and a bankruptcy proceeding under this Law are taking place concurrently regarding the same debtor, the court shall seek cooperation and coordination under articles 196, 197 and 198 of this Law.

When the bankruptcy proceeding under this Law is taking place at the time the application for recognition of the foreign proceeding is filed:

1) Any relief granted under Articles 190 or 192 of this Law must be consistent with rules and requirements of preliminary bankruptcy proceedings or bankruptcy proceedings; and

2) If the foreign proceeding is recognised as a foreign main proceeding, Article 191 of this Law shall not apply.

When the petition for bankruptcy proceeding under this Law is filed after recognition, or after the filing of the application for recognition of the foreign proceeding:

1) The court shall ex officio review any relief in effect under Article 190 or Article 192 of this Law and shall modify or terminate such measures if inconsistent with rules or requirements of preliminary bankruptcy proceedings or bankruptcy proceedings;

2) In case of a foreign main proceeding, the stay or suspension referred to in Article 191(1) of this Law shall be modified or terminated pursuant to Article 191(2) of this Law if inconsistent with rules or requirements of preliminary bankruptcy proceedings or bankruptcy proceedings.

In granting or modifying relief granted to a representative of a foreign nonmain proceeding, the court shall be required to establish that the relief relates to assets that, under this Law, should be administered in the foreign nonmain proceeding or concerns information required in that proceeding.

Coordination of More than One Foreign Proceedings

Article 201

In cases referred to in Article 174 of this Law, when more than one foreign proceeding is initiated regarding the same debtor, the court shall seek cooperation and coordination under Articles 196, 197 and 198 of this Law, whereby the following shall apply:

1) Any relief granted under Articles 190 or 192 to a representative of a foreign nonmain proceeding after recognition of a foreign main proceeding must be consistent with rules and requirements of the foreign main proceeding;

2) If a foreign main proceeding is recognised after recognition, or after the filing of an application for recognition, of a foreign nonmain proceeding, the court shall ex officio review any relief in effect under Articles 190 or 192 and shall modify or terminate such relief if inconsistent with rules and requirements of the foreign main proceeding;

3) If after recognition of a foreign nonmain proceeding, another foreign non main proceeding is recognised, the court shall, ex officio or at the request of a foreign representative, grant, modify or terminate relief for the purpose of facilitating coordination of the proceedings.

Presumption of Grounds for Bankruptcy Based on Recognition of Foreign Main Proceeding

Article 202

In the absence of evidence to the contrary, the existence of grounds for bankruptcy shall be presumed if a final decision exists on the recognition of foreign main proceeding against the bankruptcy debtor. The court shall not open bankruptcy proceeding if the debtor is able to prove that no grounds for bankruptcy referred to in Article 11 of this Law exist.

Settlement of Creditors in Concurrent Proceedings

Article 203

Except in cases where excluding rights or security interests exist, a creditor who has received part payment in respect of his claim in a proceeding conducted under the law regulating insolvency in a foreign state may not receive payment for the same claim in a

bankruptcy proceeding under this Law regarding the same debtor, so long as the payment to the other creditors of the same rank or the same class in reorganisation is proportionately less than the payment the creditor has already received.

XIII PENALTY PROVISIONS

Criminal Offences

Filing of False Claims

Article 204

Whoever, in a bankruptcy proceeding under this Law, files a false claim with the court by submitting false documents or otherwise shall be imprisoned from one to three years and fined for criminal offence in the amount of RSD 500,000 to RSD 10,000,000.

Not Notifying the Settlement of Claims

Article 204a

Who in the course of bankruptcy proceedings collects his claim against the guarantor or the principal debtor, and within eight days from the date of collection does not inform the court about collection of claim, shall be punished by a fine ranging from 500,000 dinars to 10,000,000 dinars.

Disposal of Debtor's Assets after the Opening of Bankruptcy Proceeding

Article 205

Whoever, after the opening of the bankruptcy proceeding and before the appointment of the bankruptcy administrator, disposes of assets or rights that are part of the bankruptcy estate without any compensation or with compensation that is inadequate to market value of the assets, shall be subject to imprisonment from one to five years and fined a minimum amount of RSD 500,000, or, if such offence has reason of selfinterest, an amount of up to RSD 10,000,000.

Whoever, after the appointment of the bankruptcy administrator and before his taking over the position, disposes of assets or rights of the bankruptcy debtor without any compensation or with compensation that is inadequate to market value of the assets shall be subject to imprisonment from one to five years and fined a minimum amount of RSD 500,000, or, if such offence has reason of selfinterest, an amount of up to RSD 10,000,000.

Misrepresentation and Concealment of Facts in a Prepackaged Plan of Reorganisation

Article 206

Whoever, in a prepackaged plan of reorganisation, misrepresents or conceals the facts relevant to the court in reaching its decision or to the creditors in voting on the plan shall be subject to imprisonment from one to five years and fined a minimum amount of RSD 500,000, or, if such offence has reason of selfinterest, an amount of up to RSD 10,000,000.

Misdemeanors, Measures, and Fines

Failure to Inform about Settlement of Claims based on Contract on Financial Collateral and other Financial Contracts

Article 206a

A fine in the amount of 100,000 to 2,000,000 dinars shall be imposed on a legal person for committed misdemeanor if it fails to notify the competent court about the settlement of its claim based on a contract on financial collateral, i.e. other financial contract by means of netting (Article 50a, paragraphs 3 and 6).

For the actions referred to in paragraph 1 of this Article, a responsible officer in the legal person shall also be fined in the amount of 20,000 to 150,000 dinars.

For the actions referred to in paragraph 1 of this Article the National Bank of Serbia imposes measures and fines on subjects whose activities it controls, i.e. supervises, in accordance with special laws governing its control, i.e. supervisory authority.

XIV TRANSITIONAL AND FINAL PROVISIONS

Article 207

Bankruptcy proceedings taking place on the effective date of this Law shall continue under the regulations that were in force before the effective date of this Law.

Exceptionally, bankruptcy proceedings referred to in paragraph (1) of this Article shall be subject to the provisions of Articles 22-26, Articles 29 and 30 and Article 157(5) of this Law.

Article 208

From the effective date of this Law to 31 December 2010, the provisions of Articles 150-154 of this Law shall apply to legal entities that have ceased all their payments for a consecutive period of three years; from 1 January 2010 to 31 December 2011 these provisions shall apply to legal entities that have ceased all their payments for a consecutive period of two years.

Article 209

In bankruptcy proceedings against banks and insurance companies, duties and powers of the bankruptcy judge under this Law shall be exercised by the bankruptcy panel, in accordance with the provisions of the law governing bankruptcy and liquidation of banks and insurance companies, unless otherwise provided by such law.

Article 210

Regulations to be passed under the authority of this Law shall be passed within 30 days from the entry into force of this Law.

Article 211

As of the effective date of this Law, the Law on Bankruptcy Proceedings ("Official Gazette of the Republic of Serbia", Nos. 84/04 and 85/05 other law) shall be repealed.

Article 212

This Law shall enter into force on the eighth day from the date of its publication in the "Official Gazette of the Republic of Serbia", and shall apply as of the thirtieth day of its entering into force, except for the following provisions:

1) Article 25(3) and Article 30, which shall apply from 1 July 2010;

2) Article 25(4), which shall apply from 1 January 2012;

3) Articles 150-154, which shall apply as of the ninetieth day of the date of entry into force of this Law.

Independent Articles of the Law Amending the Law on Bankruptcy

("Official Herald of RS", No. 83/2014)

Article 67

By-laws adopted under the authority of this law shall be adopted within 60 days from the day of entry into force of this law.

Article 68

Bankruptcy proceedings which have not been completed prior to the entry into force of this law shall be completed in accordance with the regulations that were in force before the entry into force of this law.

Article 69

On the day this law enters into force, the provisions of Article 181 of the Law on Business Companies shall cease to be effective ("Official Herald of RS", No. 36/11 and 99/11).

Article 70

This law shall enter into force on the eighth day of its publication in the "Official Herald of the Republic of Serbia", except for the provisions of Article 10 of this law, which shall be applicable from October 1, 2014, and the provisions of Article 1, paragraph 2 of this law, which shall be applicable from January 1, 2015.

Independent Articles of the Amendments and Supplements to the Law on Bankruptcy

("Official Herald of RS", No. 113/2017)

Article 65

Secondary legislation issued on the basis of the authorization from the Law on Bankruptcy ("Official Herald of the Republic of Serbia", No. 104/09, 99/11 - other law, 71/12 - CC and

83/14), will be harmonized with the provisions of this Law within six months from the day of entry into force of this Law.

Article 66

Bankruptcy proceedings that have not been completed by the day of entry into force of this Law shall be completed according to the regulations that were in force prior to the day of entry into force of this Law.

Article 67

This Law enters into force on the eighth day from the day of its publication in the "Official Herald of the Republic of Serbia".

Independent Articles of the Amendments and Supplements to the Law on Bankruptcy

("Official Herald of RS", No. 44/2018)

Article 12

Bankruptcy proceedings that have not been completed by the day this Law starts to apply shall be finalized under the regulations that were in force until the day this Law started applying.

Article 13

This Law enters into force on the eighth day from the day of its publication in the "Official Herald of the Republic of Serbia", and is applicable as of January 1st 2019.

Independent Articles of the Law on Amendments and Supplements of the Law on Bankruptcy

("Official Herald of RS", No. 95/2018)

Article 10

Bankruptcy proceedings that have not been completed by the day of entry into force of this Law shall be completed according to the regulations that were in force until the day of entry into force of this Law.

Article 11

This Law enters into force on the day that follows the day of its publication in the "Official Herald of the Republic of Serbia".