

KOREA

COMPANY REORGANIZATION ACT

Act No. 997, Jan. 20. 1962
Amended by Act No. 5518, Feb. 24. 1998

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to coordinate the interest of creditors, stockholders and other interested persons, and to strive for the reorganization and recovery of the business, in respect of any joint stock company (hereinafter in this Act referred to as the "company") which faces imminent bankruptcy due to poor financial circumstances, but which is likely to recover economically.

Article 2 (Effective Time of Reorganization Proceedings)

Reorganization proceedings shall take effect upon the decision regarding commencement thereof.

Article 3 (Status of Foreigners)

In the reorganization of a company, any foreigner or foreign corporation shall hold an equivalent status to that of a national or juristic person of the Republic of Korea.

Article 4 (Territorial Principle)

- (1) Reorganization proceeding commences in the territory of the Republic of Korea, shall be effective only with respect to the property of the company existing in the Republic of Korea.
- (2) Reorganization proceedings commenced in a foreign country shall not have any effect on property in the territory of the Republic of Korea.
- (3) Any claim to be pursued through a judgment under the Civil Procedure Act, shall be regarded as existing within the Republic of Korea.

Article 5 (Interruption of Prescription)

Intervention by reorganization proceedings shall have the effect of suspending the statute of limitations; provided, That this shall not apply in case where the reorganization creditors or security holders withdraw their report, or their report is dismissed.

Article 6 (Jurisdiction over Reorganization Cases)

- (1) Reorganization cases shall be subject to the exclusive jurisdiction of the collegiate division of the district court with jurisdiction over the location of the company's head office, and if the head office is in a foreign country, the location of the principal place of business in the Republic of Korea.
- (2) Deleted.
- (3) The location of the head office or principal place of business referred to in Paragraph (1) shall be in accordance with the register. [This Article Wholly Amended by Act No. 3380, Mar. 5, 1981]

Article 7 (Transfer of Reorganization Cases)

If the court as prescribed in Article 6 deems it necessary in order to prevent any signification loss or delay, the court may transfer ex officio the reorganization case to a district court with

jurisdiction over the location of another place of business or property of the company concerned.

Article 8 (Application Mutatis Mutandis of Civil Procedure Act)

Except as otherwise provided in this Act, the Civil Procedure Act shall apply mutatis mutandis to the reorganization proceedings.

Article 9 (Voluntary Pleadings and Investigation ex officio)

(1) Hearings regarding reorganization in this Act, the Civil Procedure Act shall apply in respect of reorganization proceedings.

(2) The court may conduct ex officio any investigations necessary regarding reorganization cases.

Article 10 (Service of Judgment ex officio)

Service of any judgment regarding reorganization proceedings shall be made ex officio.

Article 11 (Appeal)

Any person with an interest in a judgment regarding reorganization proceedings may lodge an immediate appeal against it only where otherwise provided by this Act. In cases where judgment is publicly announced, the time period for appeals shall be two weeks inclusive from the day public notice is issued.

Article 12 (Public Notice)

(1) Any public notice made under this Act shall be inserted in the official gazette and such newspapers as designated by the court.

(2) The public notice shall be effective from the day after the day on which it is inserted in the newspapers.

Article 13

Deleted.

Article 14 (Service on Debenture Holders, etc.)

(1) Service on any debenture or stock holders of a company under this Act may be effected by sending the relevant documents by mail to the address reported under this Act by the debenture or stock holders, and if no such address has been recorded, then to the address entered in the debenture ledger or stockholders's list, or to the address notified by such holders to the company.

(2) Service on a reorganization security holders with a registered security may be effected by sending the relevant documents by mail to the address reported under this Act by the reorganization security holder, and where no such address has been recorded, then to the address entered in the register.

(3) Where documents are sent by mail in accordance with the two preceding paragraphs, the documents shall be regarded as having been served at such time when the mail may ordinarily be presumed to have arrived.

(4) In the cases prescribed in paragraphs (1) and (1), a (Grade IV) court administrative officer or court clerk shall prepare the documents, enter therein the name and address of the person whom the documents are to be served, together with the date and time of sending, and then affix his signature and seal thereto.

Article 15 (Public Notice and Service)

(1) In the case of public notice and service made pursuant to this Act, service may be effected by sending the relevant documents by mail.

(2) In the case referred to in the preceding paragraphs, public notice shall have the effect of service on all interested person.

(3) The provisions of paragraph

(4) of the preceding Article shall be applicable to the case referred to in paragraph (1).

Article 16 (Public Notice in lieu of Service)

Where difficulties arise in determining the address or residence of the person to be served under this Act, or the place where service is to be carried out, the court may order substitution of public notice for service.

Article 17 (Registration of Commencement of Reorganization Proceedings)

(1) The court shall, under reaching a decision on the commencement of reorganization proceedings, ex officio and without delay, charge the registry in the location of the head and branch offices (if the head office is in a foreign country, the business office in the Republic of Korea) of the company concerned, with registering the commencement of reorganization proceedings, in a written commission together with a certified copy or abstract of the written decision.

(2) The registration referred to in the preceding paragraph shall also include the name or title of the manager.

(3) The provision of paragraph (1) shall apply mutatis mutandis in cases where any changes occur to matters referred to in the preceding paragraph, or where any matters to be registered arise regarding the company, or prior to the completion of reorganization proceedings in accordance with this Act.

Article 18 (Idem)

(1) If the Court becomes aware that a right appertaining to any property of a company is registered, the court shall, ex officio and without delay, charge the registry with registering the decision regarding commencement of reorganization proceedings, in a written commission together with a certified copy or abstract of the written decision regarding commission of the reorganization proceedings.

(2) The provision of the proceeding paragraph shall apply mutatis mutandis in cases where any registered right is acquired, lost or modified during implementation of the reorganization programs, or prior to the completion of reorganization proceedings in accordance with this Act; provided, that the above provision shall not apply to the registration of someone other than the company, reorganization creditors or security holders, stockholders or new company, as the holder of the right.

Article 19 (Application Mutatis Mutandis to Registration of Other Matters Regarding Reorganization Proceedings)

The provision of Article 17 (1) and paragraph (1) of the preceding Article shall apply mutatis mutandis in cases where a decision to cancel the decision on commencement of reorganization proceedings, to repeal the reorganization proceedings, or to refuse approval of the

reorganization programs, becomes final, or where a decision is reached on the authorization or closure of the reorganization programs.

Article 20 (Duties of Registry)

(1) The registry shall, upon receiving a commission of registration as prescribed in the three preceding Articles, carry out the registration without delay.

(2) Where registration of the commencement of reorganization proceedings occurs, the registry shall, if there is a registration of the commencement of the composition of the company, cancel ex officio such registration.

(3) Where registration of the cancellation of a decision on commencement of the reorganization proceedings occurs, the registry shall, if there has been a registration cancelled in accordance with the preceding paragraph, restore it ex officio.

(4) The provision of the two preceding paragraphs shall apply mutatis mutandis to the registration of bankruptcy, in cases where the authorization of reorganization programs or the cancellation thereof are registered.

Article 21 (Registration of Denial)

(1) If an act giving rise to the registration, does not receive approval, the manager shall register that disapproval. This provision shall also apply in cases where registration is refused.

(2) The provision of Article 19 shall apply mutatis mutandis to the case prescribed in the preceding paragraph.

Article 22 (Application to Registration)

The provision of the four preceding Article shall apply mutatis mutandis to any registered right pertaining to company property.

Article 23 (Proceeding to Bankruptcy)

(1) Where a decision to reject an application for commencement of reorganization proceedings, to repeal reorganization proceedings, or to refuse approval of reorganization programs, becomes final with respect to a company prior to a declaration of bankruptcy, the court may declare a bankruptcy ex officio pursuant to the Bankruptcy Act, if it deems that facts giving rise to bankruptcy there exist in respect of the company.

(2) The commission to register under Article 19, or to record under Article 19 applied mutatis mutandis by Article 22, shall be issued in the case prescribed in the preceding paragraph, simultaneously with the commission to register or registration of bankruptcy.

Article 24 (Idem)

In the application of the provision of Part I of the Bankruptcy Act when a bankruptcy is declared under paragraph (1) of the preceding Article, a decision to commence reorganization proceedings, a request for commencement of composition in composition proceedings, or conduct of a company director or equivalent person falling under the crime of fraudulent bankruptcy, shall, if there has been no suspension of payment or application for bankruptcy prior to that time, be regard as suspension of payment or application for bankruptcy, and any claim for common profits shall be the claim of a foundation.

Article 25 (Idem)

If, after a declaration of bankruptcy, bankruptcy proceedings continue in respect of a company due to the rejection of an application for commencement of reorganization proceedings, cancellation of reorganization proceedings under Article 272 or 272, or the confirmation of a decision to refuse approval of reorganization program, any claim for common profits shall be the claim of a foundation.

Article 26 (Idem)

(1) If a decision to cancel reorganization proceedings as prescribed in Article 276 becomes final after bankruptcy proceedings become ineffective due to a decision to authorize reorganization programs for the company following a declaration of bankruptcy, the court shall declare ex officio the bankruptcy.

(2) In the application of Part I of the Bankruptcy Act to the case referred to in the preceding paragraph, the application for bankruptcy shall be regarded as having been made at the time the application for bankruptcy was made in the bankruptcy proceedings which became ineffective due to a decision to authorize the reorganization programs, and the claim for common profits shall be the claim of a foundation.

(3) The provisions of Article 23 (2) shall apply mutatis mutandis to the case referred to in Paragraph (1).

Article 27 (Proceeding to Composition Proceedings)

(1) In case where the decision prescribed in Article 23 (1) is made, the court may approve the application for composition even prior to confirmation of the decision, if it deems it appropriate.

(2) When the court grants approval pursuant to paragraph (1), it shall continue with composition proceedings under the Composition Act.

Article 28 (Idem)

(1) If composition proceedings are commenced upon an application made pursuant to the proceeding Article after composition proceedings become ineffective due to a decision on commencement of reorganization proceedings, then in respect of the application of the provision of Articles 10 and 33 of the Composition Act, the application for commencement of composition shall be regarded as having been made at the time the application for commencement of composition was made under the ineffective composition procedure.

(2) If composition proceedings are commenced upon application made pursuant to the preceding Article, then in respect of the application of the provisions of Article 60 of the Composition Act, the claim for common profits shall be regarded as a claim created for composition or as expense for composition proceedings.

Article 29 (Obligation to Apply for Bankruptcy and Application for Commencement of Reorganization Proceedings)

Even in cases where the company liquidator is under an obligation to apply for bankruptcy in respect of the company, he may request the commencement of reorganization proceedings.

CHAPTER II COMMENCEMENT OF REORGANIZATION PROCEDURE

Article 30 (Commencement of Proceedings)

(1) If the company cannot relay the debts that are due without incurring significant

inconvenience to the continuation of the business, the company may apply to the court for the commencement of reorganization proceedings. This provision shall also apply in cases where there is a danger of bankruptcy in respect of the company.

(2) In respect of the case referred to in the latter sentence of the preceding paragraph, any creditor with a claim equivalent to one-tenth or more of the capital, or any stockholder holding stocks equivalent to one-tenth or more of the total issued stocks, may make the application.

(3) In cases where a creditor or stockholder has applied for the commencement of reorganization proceedings, the court may order the company to present data on the management and the condition of its property.

Article 31 (Application by Company following Bankruptcy)

An application for the commencement of reorganization proceedings by a company in liquidation or by a company following a declaration of bankruptcy, shall be made by a resolution in accordance with Article 434 of the Commercial Act.

Article 32 (Written Applications)

(1) An application for the commencement of reorganization proceedings shall be made in writing.

(2) The application shall include the following matters:

1. Names and addresses of the applicant and his legal representative;
2. Trade name of the company, location of the head office, name of representative, and if the head office is in a foreign country, the location of the principal business office in the Republic of Korea and the name of the representative in the Republic of Korea;
3. Purport of the application;
4. Facts giving rise to the commencement of reorganization proceedings;
5. Object of the company, and the business situation thereof;
6. Total stocks issued by the company, the amount of capital, asset and liabilities, and other matters relating to financial status;
7. Other proceedings or disposition in respect of company property known to the applicant; and
8. Opinion of the applicant regarding the reorganization programs, if any. (3) If the application is made by a creditor, the application shall include the amount and cause of the claim he holds, and if made by a stockholder, the number of his holding sticks, respectively, in addition to the matters referred to in the preceding paragraph.

Article 33 (Explanation)

(1) Upon application for the commencement of reorganization proceedings, an explanation shall be given of the facts giving rise to the commencement of reorganization proceedings.

(2) If a creditor or stockholder makes an application pursuant to the preceding paragraph, he shall give an explanation of the amount of his claim, or the number of his holding stocks.

Article 34 (Prepayment of Expenses)

(1) Upon application for the commencement of reorganization proceedings, an amount determined by the court shall be paid in advance as expenses for the proceedings.

(2) The amount as referred to in the preceding paragraph shall be determined by the court

taking into consideration the magnitude etc. of the case. If the application is made by a person other than the company, expenses arising after reorganization proceedings are commenced shall be determined by also taking into consideration the amount able to be furnished from the company property.

(3) An immediate appeal may be made against a decision regarding the prepayment of expenses.

Article 35 (Notification, etc. to Supervisory Administrative Agency)

(1) When an application is made for the commencement of reorganization proceedings, the court shall notify this fact to the administrative agency supervising the affairs of the company, the Securities and Exchange Commission, the head of the revenue office with jurisdiction over the location of the head office of the company (if the head office is in a foreign country, the principal place of business in the Republic of Korea; hereinafter in this Article the same shall apply), and the head office of the Seoul Special Metropolitan City, other metropolitan cities, Do or Shi/Kun/Ku (namely autonomous Ku) or equivalent public bodies where the head office is located.

(2) The court may, if it deems it necessary, demand a statement of opinion regarding the reorganization proceedings of the company from the administrative agency supervising the affairs of the company, the Securities and Exchange Commission and the person who has the authority of collection in respect of the claim prescribed under Article 122 (1).

(3) Any person referred to in the preceding paragraph may make a statement of his opinion regarding the reorganization proceedings of the company to the court.

Article 36 (Examination)

If an application has been made for the commencement of reorganization proceedings, the court shall conduct an examination of the representative of the company (if the head office is in a foreign country, the representative in the Republic of Korea; hereinafter the same shall apply).

Article 37 (Order, etc. of Suspension of Other Proceedings)

(1) Where an application has been made for the commencement of reorganization proceedings, the court may, if it deems it necessary, upon the application of an interested person or ex officio, order the suspension of auction proceedings, legal proceedings in respect of the property relationships of the company pending before an administrative agency for the execution of a compulsory execution, provisional seizure or injunction already taken in respect of company property as a result of bankruptcy proceedings, composition proceedings, reorganization claims, or reorganization security, until a decision on the application for the commencement of reorganization proceedings is reached; provided, that this shall not apply in respect of compulsory execution, provisional seizure or injunctions, or auction proceedings where it might inflict an unreasonable loss on the creditors or person requesting the auction.

(2) Where an application is made for the commencement of reorganization proceedings, the court may, if it deems it necessary, order the suspension of dispositions for arrears as prescribed by the national Tax Collection Act or dispositions for arrears issued in accordance with precedents on the collection of national taxes, or the disposition of goods offered as security for the tax obligation. In this case, consideration shall be given to the opinion of the

person with the authority of collection.

(3) The decision to suspend referred to in the preceding paragraph, shall become ineffective upon the making of a decision regarding the application for the commencement of reorganization proceedings, or upon the expiration of five (5) months from the day the decision on suspension is made.

(4) The statute of limitation shall not run during the period of suspension of the disposition under Paragraph (2).

(5) The court may modify or cancel the decision to suspend referred to in paragraphs (1) and (2).

(6) The court may, if it deems it necessary for the recovery of the company, after the preservative measures has been taken, order the cancellation of a provisional seizure or injunction on the property of the company executed after the application for the commencement of reorganization proceedings upon the application of a receiver or ex officio. In this case, the court shall cause to furnish security.

(7) The claims incurred on the company or claims for expenses on the company regarding the proceedings thereof, caused by the proceedings which have lost effect under the provision of Paragraph (6), shall be claims for common profits.

Article 38 (Conditions for Commencement of Proceedings)

The court shall reject any application for the commencement of reorganization proceedings in the following cases; provided, that in the case of Paragraph (5) the court shall listen to the opinion of the administrative committee (hereinafter referred to as the "administrative committee"):

1. Where the expenses for the reorganization proceedings have not been paid in advance;
2. Where a creditor or stockholder has acquired the claim or stock to make an application for commencement of the reorganization proceedings;
3. Where the application is made primarily with the intention of evading bankruptcy or financial obligations;
4. Where bankruptcy proceedings and composition proceedings are pending before the court, and the general interest of the creditors are served by following those proceedings;
5. Where reorganization is unlikely;
6. Where the application is made primarily with the intention of evading performance of a tax obligation or obtaining some benefit from the fulfilment of a tax obligation;
7. Deleted;and
8. Where the application is not sincere.

Article 39 (Preservative Measures and Receivers)

(1) The court may, upon the application of an interested person or ex officio, order the provisional seizure or disposition, or any other necessary preservative measures in respect of the affairs and property of the company, prior to the making of a decision on the commencement of reorganization proceedings. In this case, the court shall listen to the opinion of the administrative committee.

(2) The court shall, if an interested person has applied for the preservative measures under the provision of Paragraph (1), decide whether to adopt preservative measures within fourteen (14) days from the application date.

(3) The court may, if it deems necessary, order the management under a preservative receiver, in addition to the preservative measures under the provision of Paragraph (1), listening to the opinion of the administrative committee.

(4) The court may modify or cancel the measures referred to in Paragraphs (1) and (2), listening to the opinion of the administrative committee.

(5) Judicial proceedings in accordance with the provision of Paragraphs (1), (3) and (4), and judicial proceedings rejecting that application shall be made by decision. An immediate appeal may be brought against such decision.

(6) The immediate appeal prescribed in Paragraph (5) does not have the effect of suspending execution.

(7) The court shall, upon taking measures in accordance with the provisions of Paragraph (3), or modifying or cancelling such measures, issue public notice of this fact.

(8) The court shall, upon taking measure in accordance with Paragraphs (1),(3), and (4), ex officio and without delay, charge the registry having jurisdiction over the subject-matter of the right subject to the measure, or the registry in the location of the head office of the company, or if the head office is in a foreign country, the seat of the principal place of business in the Republic of Korea, with registering such measures.

(9) The commission to register under paragraph (8) shall be accompanied by a certified copy or abstract of the decision.

(10) The provisions of Paragraphs (8) and (9) shall apply mutatis mutandis to what is recorded as the property of the company. [This Article Wholly Amended by Act No. 5517, Feb. 24, 1998]

Article 39-2 (Restriction on Withdrawal of Application)

(1) No application for the commencement of reorganization proceedings or for preservative measures may be withdrawn without obtaining the permission of the court after measures are taken in accordance with Article 39 (1) and (2).

(2) An immediate appeal may be brought against the judgment regarding permission under paragraph (1). [This Article Newly Inserted by Act No. 3380, Mar. 5, 1981]

Article 39-3 (Application Mutatis Mutandis of Provisions concerning Receivers and Decisions on Commencement)

The provisions of Article 53 through 55, 68 through 70, 94 through 101, and 186 shall apply mutatis mutandis to the preservative receiver and decision regarding preservative measures.

[This Article Wholly Amended by Act No. 5182, Dec. 12, 1996]

Article 40 (Investigative Committee)

(1) The court may, if it deems it necessary, listen to the opinion of the administrative committee and appoint an investigative committee of one or several members to investigate the facts giving rise to the commencement of reorganization proceedings, the existence or not of the reasons as prescribed in subparagraphs 2 through 7 of Article 38, the situation of company affairs and property, the issue of preservative measures regarding the affairs and property of the company,

and other matters necessary for the commencement of reorganization proceedings, and may order the submission by the committee of a written statement of opinion regarding the appropriateness of the commencement of reorganization proceedings.

(2) Members of the investigative committee shall be appointed from among those with the knowledge and experience necessary, who do not have an interest in the subject-matter of the investigations.

(3) In cases where the company is a small and medium enterprise prescribed by the Article 2 (1) of the Basic Small and Medium Enterprise Act (except for a company regarded as the small and medium enterprise pursuant to the provision of Article 2 (3) thereof and hereinafter referred to as the "small and medium enterprise"), a member of the administrative committee (hereinafter referred to as the "member of the administrative committee") may be appointed as an investigative committee.

Article 41 (Investigations by Investigative Committee)

(1) The Investigative committee may require any director, auditor, manager or other employee of the company to submit a report regarding the affairs and property situation of the company, and may inspect any books of account, documents, finances or other possessions of the company.

(2) The investigative committee may, if necessary, appoint an appraiser with the permission of the court.

(3) In carrying out the investigation, the investigative committee may, with the permission of the court, request the assistance of an executive officer.

Article 42 (Control, etc. over Investigative Committee)

(1) The investigative committee shall be subject to the supervision of the court.

(2) The court shall deliver to the members of the investigative committee, documents certifying their appointment.

(3) The investigative committee shall, in carrying out their duties, present the documents referred to in the preceding paragraph upon the demand of any interested person.

Article 43 (Duty of Care of Investigative Committee)

(1) The investigative committee shall carry out their duties with the care and diligence required of a responsible receiver.

(2) If any member of the investigative committee fails in his duty of care under the preceding paragraph, the investigative committee is under a responsibility to compensate jointly and severally the loss of any interested person.

Article 44 (Dismissal of Investigative Committee)

The court may, if any serious ground exist, dismiss the investigative committee upon the request of an interested person or ex officio. In this case, an examination of the investigative committee shall be undertaken.

Article 45 (Written Decision on Commencement)

The written decision of the commencement of reorganization proceedings shall include the date and time of the decision.

Article 46 (Matters to be Determined Simultaneously with Commencement)

The court shall, at the same time as reaching a decision on the commencement of

reorganization proceedings, appoint one or several receivers, and determine the following matters, listening to the opinion of the administrative committee and the council of creditors under the provision of Article 173-2 (hereinafter referred to as the "council of creditors"):

1. The time-period for a report on the reorganization claim, reorganization securities, and stocks; provided, that such period shall be between two weeks and four months from the date of the decision;
2. The date of the first meeting of interested persons; provided, that such date shall be within two months from the date of decision; and
3. The date of the investigation of the reorganization claim and securities; provided, that the period between such date and the end of the application period shall be between one week and two months.

Article 47 (Public Notice of Commencement and Service)

(1) The court shall, upon reaching a decision on the commencement of reorganization proceedings, immediately issue public notice of the following matters:

1. The text of the decision on commencement of reorganization proceedings;
2. The name and title of the receiver;
3. The period and dates determined in accordance with the preceding Article; and
4. A decree to the effect that any debtors of the company and holders of company property should not repay such debt or deliver such property to the company, and they should report to the receiver the fact that they are liable for such debt, or that they possess such property, within a specified period.

(2) A document stating the matters referred to in the preceding paragraph together with a summary of the opinion of the investigative committee, shall be served on the receiver, the company and all known reorganization creditors, security holders and stockholders, and a document stating the matters referred to in the preceding paragraph shall be served on the investigative committee, the known debtors of the company and holders of company property, respectively.

(3) The provision of the two preceding paragraph shall apply mutatis mutandis to cases where changes occur in respect of any of the matters referred to in of paragraph (1) 2 through 4; provided, That public notice regarding changes in the dates of the investigation of reorganization claims or securities shall not be required.

(4) Any person who wilfully or negligently neglects the report under paragraph (1) 4, shall compensate for any consequent loss inflicted on company property.

Article 48 (Notification of Commencement)

(1) Either the matters prescribed in Article 47 (1) or the summary of the opinion of the investigative committee shall be notified to the administrative agency supervising the affairs of the company, the Minister of Justice and the Securities and Exchange Commission.

(2) The provisions of the preceding paragraph shall apply mutatis mutandis to cases where changes occur in respect of any of the matters prescribed in Article 47 (1) 2 and 3.

Article 49 (Holding of Documents)

Documents concerning the request for commencement of reorganization proceedings as well as

investigation documents and the written opinion of the investigative committee shall be held by the court to be offered for inspection by interested persons.

Article 50 (Appeal)

(1) An immediate appeal may be brought against a judgment regarding an application for the commencement of reorganization proceedings.

(2) The provisions of Article 37 shall apply mutatis mutandis to case where an immediate appeal is brought against a decision to reject an application for the commencement of reorganization proceedings.

(3) If the appeal court deems that the appeal proceedings are contrary to any Act, or that the appeal is groundless, it shall decide to dismiss or reject the appeal.

(4) If the appeal court deems that the appeal is well-grounded, it shall revoke the original decision, and refer the case back to the original court.

Article 51 (Revocation of Commencement Decision)

(1) When a decision to revoke the decision on commencement of reorganization procedure become final, public notification of the text thereof shall be issued immediately.

(2) The provisions of Article 47 (2) and 48 (1) shall apply mutatis mutandis to the case referred to in the preceding paragraph.

(3) In the case referred to in paragraph (1), the receiver shall settle the claim for common profits, and if there is any objection, make a deposit of it in favour of the creditors.

Article 52 (Reduction, etc. of Capital after Commencement)

(1) Reduction of capital, issuance of any new stocks or debentures, the merging or dissolution of companies, modifications or the continuation of company organization, or the continuation of company organization, or the apportionment of any profits or interest, shall not be permitted without following the proceedings for reorganization, after commencement and prior to the completion of the reorganization proceedings.

(2) The permission of the court shall be obtained in cases where it is intended to modify the articles of association of the company without following reorganization proceedings, from the commencement to the completion of the reorganization proceedings.

Article 53 (Management of Affairs and Property after Commencement)

(1) Where a decision is reached to commence reorganization proceedings, the right to operate the company business and to manage and dispose of the property shall be within the exclusive jurisdiction of the receiver.

(2) No company director or equivalent person may infringe upon the authority of the receiver prescribed in paragraph (1), nor intervene unlawfully in the exercise of such authority.

Article 53-2 (Receivers Duty of Inspection and Report)

(1) A receiver shall inspect the management and property of the company without delay after the commencement of reorganization proceedings and report to the court and the administrative committee the condition of the management and property of company.

(2) A receiver shall, if there exists a request from a creditor, furnish information and data regarding reorganization proceedings as prescribed by the regulations of the Supreme court; provided, that the receiver may refuse such if there is any justifiable reasons.

(3) When a receiver has obtained knowledge about the existence of claims under the provision of subparagraph 1 of Article 72 (1), the court shall apply for determination and preservative measures under the provision thereof. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 54 (Acts required Permission of Court)

The court may, if it deems it necessary, require that the receiver obtain the permission of the court in carrying out the following acts:

1. The disposal of company property;
2. The acquisition of any property by transfer;
3. Loans;
4. The cancellation or termination of any contract prescribed under Article 103;
5. The institution of legal proceedings;
6. Reconciliation;
7. Waiver of rights;
8. The approval of the claim for common profits and the right of redemption; and
9. Other acts as designated by the court.

Article 54-2 (Consignment of Permitted Business to Member of Administrative Committee)

The court may consign to a member of the administrative committee the permitted business regarding the ordinary course of business among any acts of the subparagraphs of Article 54 as prescribed by the regulations of the Supreme Court. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 54-3 (Objection to Act of Member of Administrative Committee)

(1) A person who finds the decision or measures made by a member of the administrative committee under the consignment in accordance with the provision of Article 54-2 is not satisfactory may raise an objection to the court in writing.

(2) A member of the administrative committee shall, in case where s/he deems it well-founded on reason to raise an objection under the provision of Paragraph (1), take proper measures thereto.

(3) A member of the administrative committee shall, in case where s/he deems it groundless to raise an objection under the provision of Paragraph (1), transmit to the court such matter with reason therefor within three (3) days.

(4) Raising objection under the provision of Paragraph (1) shall not have the effect of suspending execution.

(5) The court shall make a decision on the objection raised with reason, order proper measures to the member of the administrative committee if it deems it is well-grounded, and notify such statement to the person who has raised an objection. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 55 (Idem)

Any act performed in the absence of the permission required by the preceding Article, shall be null and void; provided, that it shall not be opposable as against a third person who has acted in

good faith.

Article 56 (Conduct of Company after Commencement)

(1) After the commencement of reorganization proceedings, the company shall not assert the validity of any juristic act taken in respect of company property, relation to the reorganization proceedings.

(2) Any juristic act taken by the company on the day reorganization proceedings are commence, shall be presumed to have been taken after the commencement of reorganization proceedings

Article 57 (Acquisition of Rights after Commencement)

(1) The validity of the acquisition of a right in respect of company property relating to a reorganization claim or security, after the commencement of reorganization proceedings, without an act of the company, shall not be asserted in relation to reorganization proceedings.

(2) The provision of paragraph (2) of the preceding Article shall apply mutatis mutandis to an acquisition as referred to in the preceding paragraph.

Article 58 (Registration after Commencement and Registration)

(1) The validity of registration made after the commencement of reorganization proceedings as a result of registration which took place prior to the commencement of reorganization proceedings concerning nat real property or ship, and the validity of provisional registration under Article 3 of the Registration of Real Estate Act, shall not be asserted in respect of its relationship with reorganization proceedings; provided, that this shall not apply in the case of registration or provisional registration which took place without the knowledge of the fact of commencement of reorganization proceedings on the part of the holder of the right of registration.

(2) The provisions of the preceding paragraph shall apply mutatis mutandis to any registration or provisional registration regarding the creation, transfer or modification of a right.

Article 59 (Repayment to Company following Commencement)

(1) The validity of any repayment made to the company without knowledge of that fact after the commencement of reorganization proceedings, may be asserted even in relation to the reorganization proceedings.

(2) The validity of any repayment made to the company without knowledge of that fact after the commencement of reorganization proceedings, may be asserted in its relationship with reorganization proceedings only within the limits of the profits received by company property.

Article 60 (Presumption of Good or Bad Faith)

In the application of the provisions of two preceding Article, it shall be presumed that the fact was not known prior to public notice of the commencement of reorganization proceedings, and presumed to have been known after such notice.

Article 61 (Co-ownership)

(1) In cases where the company has joint ownership of a property right together with another person, the receiver may make a request for division despite the existence of a stipulation against division, when reorganization proceedings are commenced.

(2) In the case referred to in the preceding paragraph, other co-owners may acquire the company's share upon the payment of considerable compensation.

Article 62 (Right of Reacquisition)

The commencement of reorganization proceedings shall have no effect on the right to reacquire from the company property not belonging to the company.

Article 63 (Prohibition of Reacquisition of Transferred Securities)

Any person who transferred property to the company prior to the commencement of reorganization proceedings, cannot reacquire such property on the basis it was for the purpose of security.

Article 64 (Reacquisition of Goods in Transit)

(1) In cases where a vendor dispatches goods for the purpose of sale to the vendee, and the vendee fails to pay the price in full or to receive the goods at the destination, the vendor may, if reorganization proceedings are commenced in respect of the vendee, reacquire such goods; provided, that the receiver may, with the permission of the court, pay the price in full and request the delivery of such goods.

(2) The provisions of the preceding paragraph shall not exclude the application of the provisions of Article 103.

Article 65 (Right of Reacquisition by Commission Agent)

The provision of paragraph (1) of the preceding Article shall apply mutatis mutandis to cases where a commission agent charged with the purchase of goods, dispatches such goods to the consignor.

Article 66 (Compensatory Right of Reacquisition)

(1) If the company transfers the property subject to the right of reacquisition prior to the commencement of reorganization proceedings, the person holding the reacquisition right may demand a transfer of the claim for counter performance. This provision shall also apply in cases where the receiver transfers property which is the subject of the reacquisition right.

(2) In the case referred to in the preceding paragraph, where the receiver has received counter-performance, the holder of the reacquisition right may demand the supply of property received by the receiver as counter-performance.

Article 67 (Suspension, etc. of Other Proceedings)

(1) When a decision has been made for commencement of the reorganization proceedings, no application for bankruptcy or the commencement of composition or reorganization proceedings may be made, and no orders for compulsory execution, provisional seizure, injunctions, execution of security right, or public auction under the Auction Act, may be issued against any company property in accordance with a reorganization claim or security, and any compulsory execution, provisional seizure, injunction, execution of security right, or public auction under the Auction Act already ordered against company property pursuant to bankruptcy proceedings, reorganization claims or security right, shall be suspended, and any reconciliation proceedings shall become ineffective.

(2) When a decision is made to commence reorganization proceedings, no disposition for arrears pursuant to the National Tax Collection Act or according to national tax collection precedents, and no disposition of goods provided as security for tax obligations, shall be made in respect of company property pursuant to a reorganization claim or security, until the approval

of the reorganization programs or the completion of reorganization proceedings, or for one year after the decision is made, and any disposition already made shall be suspended.

(3) The court may, if it deems it necessary, extend ex officio or upon the request of the receiver, the period of one year specified in Paragraph (2) above within the limit of six (6) months.

(4) Deleted.

(5) The statute of limitations shall not run in the period in which dispositions are prohibited or suspended pursuant to Paragraphs (2) and (3).

(6) The court may, if it deems that there would be no detriment to reorganization, order the continuation of the suspended proceedings or dispositions, ex officio or upon the application of the receiver or a person with the authority of collection regarding the claim prescribed in Article 122 (1), and if the court deems it necessary for reorganization, it may order the cancellation of dispositions or procedures suspended with or without the offering of any security, ex officio or upon the request of the receiver; provided, that this will not apply in the case of bankruptcy proceedings.

(7) Any claims arising in respect of the company as a result of proceedings which lost effect in accordance with Paragraph (1), claims for expenses in respect of the company regarding such proceedings, or claims for expenses in respect of the company regarding dispositions or proceedings continued in accordance with the preceding paragraph, shall be claims for common profits.

Article 68 (Suspension of Legal Proceedings)

When a decision has been made to commence reorganization proceedings, legal proceedings relating to company property shall be suspended.

Article 69 (Taking Over of Proceedings)

(1) Any legal proceedings suspended pursuant to the preceding Article, which are not related to reorganization claims or securities, may be taken over by the receiver or the other party. In this case, the claim for litigation expenses in respect of the company, shall be a claim for common profits.

(2) If the reorganization proceedings are completed prior to the taking-over under the preceding Paragraph, the company shall naturally take over the legal proceedings.

(3) If the reorganization proceedings are completed after the taking-over occurs under the preceding paragraph, the legal proceedings shall be suspended. In this case, the company shall take over the legal proceedings.

(4) In the case referred to in the preceding Paragraph, the other party may also take over the legal proceedings.

Article 70 (Cases pending before Administrative Agency)

The provisions of the two preceding Article shall apply mutatis mutandis to any case concerning company property pending before the administrative agency at the time the reorganization proceedings are commenced.

Article 71 (Transfer)

(1) If litigation relating to company property is pending in another court at the same time as commencement of the reorganization proceedings, the court dealing with reorganization may

decide to request the transfer thereof. This provision shall also apply in cases where litigation is pending in another court after the commencement of reorganization proceedings.

(2) When the decision referred to in the preceding paragraph is made, the court receiving the request for transfer shall transfer the litigation to the court dealing with reorganization.

(3) The transfer referred to in the preceding paragraph may be carried out even during the interruption or suspension of the legal proceedings.

(4) The provisions of the three preceding paragraphs shall not apply to any litigation pending in a superior court.

Article 72 (Court Measures)

(1) Where a decision has been made for the commencement of reorganization proceedings, the court may, if it deems it necessary, ex officio or upon the request of the receiver, order the following measures in addition to those prescribed in Article 39:

1. Assessment of any claim for the payment of shares to promoters, directors, auditors, inspectors or liquidators, or for damages on the basis of their responsibility; and
2. Preservative measures taken in respect of the property of the promoters, directors, auditors, inspectors, or liquidators in relation to the claim for the payment of shares or damages referred to in the preceding subparagraph.

(2) The court may, if it deems it urgently necessary, order the measures referred to in subparagraph 2 of the preceding paragraph, even prior to the making of a decision to commence reorganization proceedings.

(3) The provisions of Article 39 (3) and

(4) shall apply mutatis mutandis to any measures referred to in paragraph (1) 2 and paragraph (2).

Article 73 (Commencement of Proceedings for Assessment of Claims for Payment of Shares etc.)

(1) Upon the making a request for assessment pursuant to paragraph (1)1 of the preceding Article, an explanation shall be given of the facts giving rise thereto.

(2) Where the court commences ex officio assessment proceedings, it shall issue a decision to that effect.

Article 74 (Judgment concerning Assessment)

(1) Judgment of the assessment and judgments rejecting the application for assessment shall be handed down by a decision with the reasons attached.

(2) The court shall undertake an examination of the interested persons prior to the decision.

Article 75 (Actions for Objection)

(1) Any person who is dissatisfied with the judgment of assessment, may bring an action for objection within the peremptory term of one month after being served with the decision.

(2) Any judgment authorizing or modifying the assessment, shall have the same effect as a judgment ordering performance of compulsory execution.

(3) Actions under paragraph (1) shall fall under the exclusive jurisdiction of the court concerned with reorganization, and pleadings may not begin unless and until the period prescribed in the said paragraph has elapsed.

(4) If several actions are pending simultaneously, the pleadings and judgments shall be joined.

Article 76 (Effect of Assessment)

If no action is brought within the period prescribed in Paragraph (1) of the preceding Article, the assessment shall have the same effect as a final and conclusive judgment ordering performance. This provision shall also apply in cases where the action is dismissed.

Article 77 (Interruption of Prescription)

An application for assessment shall be regarded as a judicial claim in regard to suspension of the statute of limitations. This provision shall also apply to the ex officio commencement of assessment proceedings.

Article 78 (Right of Denial)

(1) The following acts may be denied in the interests of company property after the commencement of reorganization proceedings:

1. Acts performed by the company in knowledge of the fact that it might be prejudicial to any reorganization creditors or security holders (hereinafter in this Article referred to as the "reorganization creditors, et al."); provided, that this provision shall not apply to cases where the person who benefited from such act, did not know that it might be prejudicial to the reorganization creditors, et al. at the time of such act;
2. Acts prejudicial to the reorganization creditors, et al., and acts concerning the offer of any security or the cancellation of an obligation, committed by the company after applications for the suspension of payment, bankruptcy, or the commencement of composition proceedings or reorganization proceedings (hereinafter referred to in this Article as the "suspension of payment, etc."); provided, that this is limited only to cases where the person who benefited from such act, had knowledge of the fact that suspension of payment, etc. took place, or that such acts were prejudicial to the reorganization creditors, et al. at the time of the act ;
3. Acts concerning the provision of security or the cancellation of an obligation, performed by the company upon suspension, etc. of the payment, or within ,thirty days prior to such act, which do not fall within the duties of the company, or the method or time of which does not fall within the duties of the company; provided, that this shall not apply to cases where at the time of such act, the creditor had no knowledge of the fact that the company performed the act knowing that it might be prejudicial to its equality with other reorganization creditors, et al., or that payment was suspended after suspension of payment takes place : and
4. Gratuitous acts performed by the company after payment is suspended. or within six months prior to such act, and acts for value to be performed simultaneously.

(2) The provisions of the preceding paragraph shall not apply in respect of acts concerning the cancellation of an obligation or provision of security performed by the company for a person with collection authority concerning the claim prescribed in Articles 121 (1) 5 and 122 (1) .

Article 79 (Examples of Cases of Payment of Obligations under Bills)

(1) Where a person issued with a bill (1) from a company loses his rights under the bill against one or several debtors, the provisions of Paragraph (1) of the preceding Article shall not apply but for

the receipt of the bill.

(2) In the case prescribed in the preceding Paragraph, if the final debtor or the person charged with the issue of the bill, knew or should, in the exercise of due care and diligence, have known of the application for the suspension of payment, bankruptcy, or the commencement of composition proceedings or reorganization proceedings, at the time of issuance of the bill, the receiver may require that person to redeem the amount paid by the company.

Article 80 (Requirements for Opposing Changes in Rights and Denial of Requirements for Validity)

(1) Where actions necessary in order to oppose a third person by means of the creation, transfer or modification of a right, are performed after an application is made for the suspension of payment, bankruptcy, commencement of composition proceedings or reorganization proceedings, the act may, if performed in bad faith upon the expiration of fifteen days after the creation, transfer or modification of the right, be denied; provided, that this shall not apply to cases where formal registration takes place after the recording of provisional registration. with respect to any registration.

(2) The provisions of the preceding paragraph shall apply mutatis mutandis to any registration or registration giving effect to the acquisition of a right. Article 81 (Denial of Executory Acts) The right of denial may be exercised in cases where there is an executory title of debt in respect of the act to be denied, or where the act is based on an executory act.

Article 82 (Exercise of Right of Denial)

(1) The right of denial shall be exercised by the receiver in accordance with legal proceedings, or a request for or plea of denial.

(2) The legal proceedings and cases of requests for denial referred to in the preceding paragraph, shall fall within the exclusive jurisdiction of the court of reorganization.

Article 83 (Explanation of Grounds for Request of Denial)

Upon making a request for denial, an explanation of the grounds for such request shall be given.

Article 84 (Judgment regarding Request for Denial)

(1) Any judgment accepting or rejecting a request for denial shall be made by a decision with the reason attached.

(2) The court shall, before making a decision, hear from the other party or subsequent purchaser.

Article 85 (Action of Objection)

(1) Any person who is dissatisfied with a decision accepting a request for denial, may bring an action of objection within a peremptory term of one month after being served with the decision.

(2) The action referred to in the preceding paragraph shall fall within the exclusive jurisdiction of the court of reorganization.

Article 86 (Idem)

When a judgment authorizing a decision to accept a request for denial, becomes final, the decision shall have the same effect as a final and conclusive judgment. This provision shall also apply in cases where no action is brought during the period prescribed in Paragraph (1) of the preceding Article, and where the action is rejected.

Article 87 (Effect of Exercise of Denial Right)

- (1) The exercise of the right of denial shall restore the property of company to its original status.
- (2) In cases where the act prescribed in Article 78 (1) 4 is denied, the other party shall, if he acted in good faith at the time of such act, be permitted to redeem the profits to the extent that they exist.

Article 88 (Status of Other Party)

- (1) In cases where an act of a company is denied, the other party may, if any counter-performance received by the company exists in respect of company property, claim the return thereof, and if any profit is accruing from the counter-performance, the other party may exercise his right as a public interest creditor within the limits of such profits.
- (2) If there are no profits accruing from counter-performance, the other party may exercise his right as a reorganization creditor for redemption of the equivalent value. This provision shall also apply in respect of the difference where the value of the counter-performance is larger than the existing profit.

Article 89 (Restoration of Other Party's Claim)

In cases where the act of the company is denied, if the other party returns the performance received or redeems the value thereof, his claim shall thereby be restored to its original status.

Article 90 (Right of Denial against Subsequent Purchasers)

(1) The right of denial may also be exercised against a subsequent purchaser, in the following cases:

1. Where the subsequent purchaser knows that there is a cause of denial against the former party, at the time of the subsequent purchase; and
2. Where the subsequent purchaser made the purchase through a gratuitous act or act for value to be carried out simultaneously, and there is a cause of denial against the former party.

(2) The provisions of Article 87 (2) shall apply mutatis mutandis in cases where the right of denial is exercised under subparagraph 2 of the preceding Paragraph.

Article 91 (Restrictions on Denial due to Knowledge of Suspension of Payment)

Any act performed prior to the expiration of one year from the date of application for the commencement of reorganization proceedings, shall not be denied on the grounds that the fact of the suspension of payment was known .

Article 92 (Extinctive Prescription)

If the right of denial is not exercised within two years from the commencement of reorganization proceedings, the statute of limitations shall expire. This provision shall also apply where twenty years have elapsed from the date of the exercise of the right.

Article 93 (Actions for Revocation. etc. by Creditor)

(1) If an action brought by a reorganization creditor pursuant to Article 406 (1) of the Civil Act, or an action for denial under the Bankruptcy Act, is pending at the time the reorganization proceedings are commenced, the legal proceedings shall be suspended.

(2) The provisions of Article 69 shall apply mutatis mutandis to the case referred to in the preceding paragraph. In this case, the term "company" used in paragraphs (2) and (3) of the

said Article, shall be read as "reorganization creditor or trustee in bankruptcy".

CHAPTER II-2 ADMINISTRATIVE COMMITTEE

Article 93-2 (Establishment)

The administrative committee shall be established at a district court prescribed by the regulations of the Supreme Court for the appropriate and prompt disposal of reorganization matters, bankruptcy matters and composition matters. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 93-3 (Duty and Right of Administrative Committee)

(1) The administrative committee shall carry out each of the following subparagraphs under the direction of the court:

1. Presentation of the opinions on the appointment of a receiver, manager, and investigative committee;
2. Supervision and evaluation regarding the appropriateness of the performance of duties of a receiver, manager, and investigative committee;
3. Examination about the reorganization programs;
4. Organization of the council of creditors and conveyance of information on creditors;
5. Evaluation on the circumstances of reorganization proceedings in progress; and
6. Other duties prescribed by laws and decrees or the court.

(2) The administrative committee may entrust a part of the duties to a member of the administrative committee for the effective performance of each duty of Paragraph (1) above.

(3) The court may, in cases where it deems not appropriate for a member of the administrative committee to perform such duties under the provision of Paragraph (2), request the administrative committee to entrust such duties to another member of the administrative committee.

(4) In the cases where the administrative committee is not established, the particulars regarding the member of the administrative committee among the regulations of Articles 40 (3), 54-2, 54-3, and 284 (1) and particulars regarding the administrative committee among the regulations of the proviso of Article 38, Articles 39 (1), 39 (3), 39 (4), 40 (1), 53-2 (1), 94, 112-2 (3), 247 (3), 247 (4), 274, and 277 shall not apply. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 93-4 (Composition of Administrative Committee)

(1) The administrative committee shall be composed of more than three (3) and less than fifteen (15) members including one (1) chairman.

(2) The term of office of a member of the administrative committee shall be three (3) years and the majority of the members shall be full-time commissioners.

(3) A member of the administrative committee shall be designated by the head of a district court among any of the following persons:

1. A person qualified for an attorney-in-fact or a certified public accountant;
2. A person who has the working experience for more than fifteen (15) years at a banking institution under the Banking Act or a person who has been in service as an officer of the listed company;
3. A person who obtained a degree of master or more in jurisprudence, business

administration, economics, or similar studies and was engaged in such field related thereto for more than seven (7) years; or

4. A person with learning and experience who can be treated as the same as the person provided in subparagraphs 1 through 3.

(4) Any person who falls under any one of the following subparagraphs may not become a member of the administrative committee:

1. Incompetent person, quasi-incompetent person, or bankrupt who is not reinstated;
2. A person who is sentenced to imprisonment or heavier penalty and the execution of which has terminated (including the execution regarded as being terminated) or five (5) years have not expired after the remission of the execution (?);
3. A person who is sentenced to suspension of execution of imprisonment or heavier penalty and two (2) years have not expired after the termination of the term of suspension (?);
4. A person who is sentenced to the suspension of pronouncement of imprisonment or heavier penalty and is under the term of suspension; or
5. A person whose qualification is lost or suspended in accordance with the judgement of the court or other laws.

(5) The administrative committee shall be resolved with the attendance of the majority of its members and the concurrence of the majority of the members attended.

(6) The establishment, organization and operation, of the administrative committee, and requirements for qualification, guarantee of the office and disciplinary actions, of the members of the administrative committee, and other necessary matters shall be determined by the regulations of the Supreme Court.

(7) A member of the administrative committee shall be regarded as a public officer in the application of the punishment pursuant to Criminal Code and other regulations under the law.

[This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 94 (Appointment)

The court shall appoint a receiver from among those qualified for the performance of such duties, listening to the opinion of the administrative committee and the council of creditors. [This Article Wholly Amended by Act No. 5517, Feb. 24, 1998]

Article 95 (Idem)

(1) Any bank (meaning, any financial institution as referred to in Article 2 (2) of the Banking Act), trust company and merchant bank may be a receiver.

(2) In the case referred to in Paragraph (1), the juristic person shall nominate from among the directors a person to carry out the duties of receiver, and report this to the court.

Article 96 (Standing)

In litigation concerning company property, the receiver shall become either the plaintiff or defendant.

Article 97 (Execution of Duties of Several Receivers)

(1) In the case of several receivers, they shall carry out their duties jointly: provided, that duties may be divided with the permission of the court.

(2) In case of there being several receivers, the declaration of intention a third party to only one of them shall be sufficient.

Article 98 (Acting Receiver)

(1) The receiver may, if necessary, appoint an acting receiver under his responsibility to carry out his duties.

(2) In the appointment of the acting receiver referred to in the preceding Paragraph, the permission of the court must be received.

(3) When the court has granted permission under Paragraph (2), the provisions of Articles 39 (7) through (9) shall apply mutatis mutandis.

(4) An acting receiver may effect all judicial or extra-judicial acts in substitution for the receiver.

Article 99 (Obligation to Report on Accounts)

Upon the completion of the duties of the receiver, the receiver or his successor shall, without delay, submit a report of the accounts to the court.

Article 100 (Emergency Disposition in Case of Completion of Duties)

Where the duties of the receiver have been completed, the receiver or his successor shall, if urgent circumstances arise, make all necessary dispositions until a new receiver or the company is able to administer the property.

Article 101 (Application Mutatis Mutandis of Provisions concerning Investigative Committee)

The provisions of Articles 40 (3) through 44 shall apply mutatis mutandis to the receiver.

CHAPTER IV REORGANIZATION CREDITORS, SECURITY HOLDERS AND STOCKHOLDERS

Article 102 (Reorganization Claim)

Any claim in respect of company property arising prior to the commencement of reorganization proceedings, shall be a reorganization claim.

Article 103 (Bilateral Contract)

(1) If the company and the other party have not completed the performance of all obligations under a bilateral contract at the time reorganization proceedings are commenced, the receiver may cancel or terminate the contract, or perform the company's obligations and then claim the performance of obligations by the other party.

(2) In the case prescribed in the preceding paragraph, the other party may demand a definite reply from the receiver as to whether he will cancel or terminate the contract, or fulfill it. If the receiver fails to give a definite reply within thirty days after receiving the demand, the receiver shall be regarded as having waived its right to cancel or terminate in accordance with the preceding paragraph.

(3) The court may extend or shorten the period referred to in the preceding paragraph, ex officio or upon the application of the receiver or the other party .

(4) The other party to a bilateral contract who is under the obligation to continuously supply the company, may not refuse to discharge his obligations after reorganization proceedings have commenced, on the grounds that a reorganization claim or security arising from supply prior to the application for the commencement of reorganization proceedings, has not been satisfied.

(5) The provisions of paragraphs (1) through (4) shall not apply in respect of any labour agreement.

Article 104 (Idem)

(1) If a contract is cancelled or terminated pursuant to the provisions of the preceding Article, the other party may exercise his rights as reorganization creditor in respect of compensation for damages.

(2) If any counter-performance obtained by the company exists in company property, the other party may claim the return thereof, and if it does not so exist, the other party may exercise his right as a person with a common benefit right in regard to the value thereof.

Article 105 (Acceptance, etc. of Bill after Commencement)

(1) In cases where reorganization proceedings have commenced for a company which is the drawer or endorser of bills of exchange, if the payer or referee in case of need has made an acceptance or payment in ignorance of that fact, the payer or referee in case of need may exercise his right as a Reorganization creditor in regard to the claim created by it.

(2) The provisions of the preceding paragraph shall apply mutatis mutandis to any commercial instruments with the purpose of the payment of checks, money, other goods or securities.

(3) The provisions of Article 60 shall apply mutatis mutandis in respect of the application of the provisions of the two preceding paragraphs.

Article 106 (Lease Contract, etc.)

(1) In cases where reorganization proceedings are commenced in respect of a leasing company, the validity of prepayment of the rent or disposal of the rental claim may not be asserted in relation to the reorganization proceedings, except those concerning the current and following terms at the time of the commencement of the reorganization proceedings.

(2) Any person who sustains a loss as a result of being unable to assert validity in relation to the reorganization proceedings as prescribed by the preceding paragraph, may exercise his right as a reorganization creditor in relation to compensation for such damage.

(3) The provisions of the two preceding paragraphs shall apply mutatis mutandis to surface rights.

Article 107 (Mutual Accounts)

(1) If reorganization proceedings are commenced in respect of one of the parties, the mutual accounts shall come to an end. In this case, each party may close the accounts, and make a claim for payment of the remainder.

(2) If the other party holds the claim referred to in the preceding paragraph, it shall be regarded as a reorganization claim.

Article 108 (Cases where Company and Other Persons are Liable for Performance in Full)

In the case where several persons are liable for performance in full, if reorganization proceedings are commenced in respect of all or some of them, the creditor may exercise his

right as reorganization creditor in each reorganization proceeding, in regard to the total amount of his holding claim at the time the reorganization proceedings are commenced.

Article 109 (Cases where Company bears Surety Obligations)

If reorganization proceedings are commenced in respect of a company which is a guarantor, the creditor may exercise his rights as Reorganization creditor in regard to the total amount of the claim held at the time of the commencement of reorganization proceedings.

Article 110 (Future Right of Indemnity) .

(1) In the case where several persons are liable for performance in full, if the reorganization proceedings are commenced in respect of all, some or one of them, the person with the right to indemnity to be exercised in the future against them, may exercise rights as reorganization creditor in regard to the total amount of such claim; provided, that this shall not apply to cases where a creditor has exercised his rights as a reorganization creditor in respect of the total amount of that claim.

(2) In the case referred to in the proviso of the preceding paragraph, if a person with the right to indemnity prescribed in the said paragraph, has effected performance, he shall acquire the rights of creditor in proportion to the ratio of the performance.

(3) The provisions of the two preceding paragraphs shall apply mutatis mutandis to any right of indemnity to be exercised in the future by a third person who has supplied security to the company.

Article 111 (Case of Partial Guarantee)

The provisions of Articles 108, 109, and 110 (1) and (2) shall apply mutatis mutandis to that part of the obligation for which each of the several guarantors liable for part of the obligation, is liable respectively.

Article 112 (Prohibition of Satisfaction of Reorganization Claim)

The satisfaction, receipt of satisfaction, or other extinguishing conduct(excluding exemptions) in respect of reorganization claims, shall not be permitted where reorganization proceedings are not followed; provided, that this shall not apply in cases where dispositions for arrears, dispositions of security rights, or their continuation are permitted in respect of the claim prescribed in Article 122 (1) , or where a third debtor effects voluntary performance on the person with collection authority in respect of obligations of the company (including those obligations having the effect of seizure), which faces seizure in accordance with dispositions for arrears, during the suspension of such disposition for arrears, or where the receiver effects performance with the permission of the court.

Article 112-2 (Permission for Performance of Reorganization Claims)

(1) If the entrepreneur of a small or medium-size business, whose principal business partner is a company, is likely to face significant obstacles in the continuation of his business in the absence of the satisfaction of small claims in relation to the company, the court may permit the performance in full or in part, pursuant to application by the preservative receiver. receiver or company. even prior to the decision to authorize the reorganization programs.

(2) If the court deems it threatens to cause to impede the recovery of the company obviously unless the reorganization claims are perform, the court may permit the performance in full or in

part upon the request of the preservative receiver, receiver, or the company, even prior to the decision of approval.

(3) In granting permission in accordance with Paragraph (1) and (2), the court shall listen to the opinion of the administrative committee and the council of creditors and take into consideration the situation of transactions between the company and the creditors, the situation of the company assets, the interests of interested persons, and all other relevant circumstances.

[This Article Newly Inserted by Act No. 3380. Mar. 5. 1981]

Article 113 (Rights of Reorganization Creditor)

(1) Any Reorganization creditor may participate in reorganization proceedings through the holding reorganization claim he holds.

(2) The reorganization creditor shall have voting rights in proportion to the amount calculated pursuant to the provisions of Articles 114 through 118 in respect of claims prescribed in these Articles, and in respect of other claims, rights in proportion thereto.

Article 114 (Interest-free Claim with Time Limit)

If the time limit of an interest-free claim comes after the commencement of reorganization proceedings, the amount equivalent to the amount of interest calculated in such manner that the sum of the principal and interest calculated in accordance with the legal interest rate from the time of the commencement of reorganization proceedings until the time limit of the claim, becomes the amount of the claim, shall be deducted from the amount of claim.

Article 115 (Claims for Periodic Monies)

The provisions of the preceding Article shall apply mutatis mutandis to claims for money payable periodically, the amount and duration of which are fixed; provided, that if the total amount exceeds the principal amount from which accrues interest equivalent to the money payable periodically in accordance with the legal interest rate, it shall be subjected to the principal amount.

Article 116 (Claims with Indefinite Time Limit, etc.)

In the case prescribed in Article 114, if the time limit is indefinite, it shall be subject to the estimated value at the time of commencement of reorganization proceedings. This provision shall also apply to cases where the amount or duration of a claim for money payable periodically is indefinite.

Article 117 (Non-Monetary Claims, etc.)

If the object of a claim is not money, or the amount thereof is indefinite or is determined in foreign currency, it shall be subject to the estimated value at the time of commencement of reorganization proceedings.

Article 118 (Conditional Claims and Future Claims)

(1) A conditional claim shall be subject to the estimated value at the time of commencement of reorganization proceedings.

(2) The provisions of the preceding paragraph shall apply mutatis mutandis to a future claim able to be exercised in respect of a company.

Article 119 Deleted.

Article 120 (Calculation of Period for Rights of Preference)

If a right of preference relates to the amount of claim in a specified period, the period shall be calculated retroactively from the time of commencement of reorganization proceedings.

Article 121 (Minor Reorganization Claims)

(1) Claims provided in the following subparagraphs shall be treated as reorganization claims :

9. Interest accruing after the commencement of reorganization proceedings :
10. Compensation for damage and forfeit caused by nonperformance after the commencement of reorganization proceedings:
11. Expenses for intervention in reorganization proceedings;
12. Property claims, which are not claims for common profits, arising from causes other than those referred to in the preceding subparagraphs, after the commencement of reorganization proceedings: and
13. Fines, penalties, expenses for penal procedures. additional charges and fines for negligence, which are imposed prior to the commencement of reorganization proceedings.

(2) The claim referred to in the preceding paragraph shall be secondary to that of other reorganization claims; provided, that this shall not apply to any claim able to be collected in accordance with the National Tax Collection Act or precedents on the collection of national taxes.

(3) No reorganization program shall include any provisions concerning reduction and exemption, or having any effect on rights, in respect of the claim referred to in paragraph (1) 5.

Article 122 (Claim for Tax, etc.)

(1) In the reorganization programs, in respect of a claim able to be collected pursuant to the National Tax Collection Act or precedents on the collection of national taxes, the opinion of the person having the authority of collection shall be considered in providing for a period of less than two (2) years for the deferment of collection or the deferment of the realization of property by a disposition for arrears, and the consent of the person with the authority of collection shall be obtained in providing for a period exceeding two (2) years, for the deferment of collection, deferment of the realization of property by a disposition for arrears, succession to any debt or provisions affecting other rights, respectively.

(2) Any person with the authority of collection may give the consent referred to in the preceding Paragraph.

(3) The statute of limitations shall not run during the period of deferment of collection, nor during the period of postponement of the realization of property by a disposition for arrears, under Paragraph (1) .

Article 123 (Reorganization Securities)

(1) Any reorganization claim or property claim of a person other than a company, arising prior to the commencement of reorganization proceedings, which is secured by lien, right of pledge, mortgage, right to property transferred for security, security right of provisional registration, chonsegwon (the right of registered lease), or right of preference existing in respect of company property at the time of commencement of reorganization proceedings, shall be reorganization securities; provided, that the interest or claims of compensation for damage and penalties

incurred due to non-performance of obligations shall be limited to that which accrued until the day before the day of the decision to commence reorganization proceedings.

(2) The provisions of Articles 108 through 112 and 120 shall apply mutatis mutandis to the reorganization securities.

Article 124 (Rights of Reorganization Security Holder)

(1) Any reorganization security holder may participate in reorganization proceedings by the reorganization security he holds.

(2) Any reorganization security holder may participate in reorganization proceedings as a reorganization creditor, in respect of that portion of the amount claimed which exceeds the value of the object of the security (if there is a senior mortgage, this refers to the amount obtained by deducting the claim amount secured by such mortgage, from the value of the object of the mortgage; hereinafter in this Article the same shall apply).

(3) The reorganization security holder shall have voting rights proportionate to the value of the object of his security. and if the value of the claim secured is smaller than that of the object of the security, proportionate to the value of the claim secured.

(4) The provisions of Articles 113 (2) and 114 through 118 shall apply mutatis mutandis to the voting rights of the reorganization security holder.

Article 125 (Report on Reorganization Claim)

(1) My reorganization creditor who desires to participate in reorganization proceedings, shall notify the court of his name and address, the details and cause of the claim, the amount of voting rights, and where it is a claim with general rights of preference or a claim in accordance with Article 121 (1) (hereinafter referred to as the "junior claim"), an explanation to that effect, and submit to the court any evidentiary documents or certified copies or abstracts thereof, within the period for report prescribed by the court.

(2) The portion of each claim with general rights of preference, and the portion related to a junior claim, shall be reported separately.

(3) If there is any lawsuit which is pending in relation to a reorganization claim at the time the reorganization proceedings are commenced, details regarding the court, parties, subject and the case number shall be reported in addition to the matters referred to in paragraph (1).

Article 126 (Report on Reorganization Securities)

(1) Any reorganization security holder who desires to participate in reorganization proceedings, shall report to the court his name and address, the details and cause of each reorganization security, the object and value of the security, the amount of his voting right, and if a person other than the company is the debtor, that person's name and address, and shall submit the evidentiary documents or certified copies or abstracts thereof, within the period for report prescribed by the court.

(2) The provisions of paragraph

(3) of the preceding Article shall apply mutatis mutandis to the reorganization security.

Article 127 (Supplement, etc. of Report)

(1) Where a reorganization creditor or security holder fails to make the report within such period prescribed by the court, due to reasons for which he was not responsible, he may supplement

the report within one month after such reasons disappear. The provisions of Article 159 (1) of the Civil Procedure Act shall not apply mutatis mutandis to this period.

(2) Any reorganization claim or security created after the period for report expires, shall be reported within the peremptory period of one month after the right is created.

(3) The reports referred to in the two preceding paragraphs cannot be made after a meeting of interested persons for the purpose of discuss in the reorganization programs.

(4) The provisions of paragraph (1) and the preceding paragraph shall apply mutatis mutandis to cases where a reorganization creditor or security holder makes any modifications to the matters reported which might be prejudicial to the interests of other reorganization creditors or security holders, due to reasons for which he was not responsible.

Article 128 (Change of Name in Report)

(1) Any person who acquires a reported reorganization claim or security, may change the name in the report even after the period for report expires.

(2) Any person who desires to change the name in the report pursuant to the preceding paragraph, shall report to the court his name and address, the acquired right and the date and cause of acquisition, and submit the evidentiary documents or the certified copies or abstracts thereof.

Article 129 (Rights of Stockholder)

(1) Any stockholder may participate in reorganization proceedings by the stocks he holds.

(2) The voting rights of the stockholder shall be in proportion to the number of his holding stocks.

(3) Where the total amount of indebtedness of the company at the time of the commencement of reorganization proceedings exceeds the total amount of the assets, the stockholders shall not have any voting rights; provided, that such shall not apply to the cases where the total amount of the assets of the company exceeds the total amount of the indebtedness at the time of presentation of the proposed reorganization program for the reorganization program under Article 270 (u).

Article 130 (Report on Stocks)

(1) Any stockholder who desires to participate in the reorganization proceedings shall report to the court his name and address, the kinds and number of his stocks, and submit the stock certificates, other evidentiary documents, or certified copies or abstracts thereof, within the period for report prescribed by the court.

(2) If legal proceedings regarding the rights of a stockholder are pending at the time of commencement of reorganization proceedings, details of the court, parties, subject and number of the case, shall be reported in addition to the matters referred to in the preceding Paragraph.

Article 131 (Additional Report)

The court may, if it deems it of significance, allow any person to make an additional report regarding stocks within a new period fixed, after the expiration of the period for report. In this case, the court shall issue public notice of this fact, and serve documents to the same effect on the receiver, the company and known stockholders who fail to make the report.

Article 132 (Tables of Reorganization Creditors, Security Holders and Stockholders)

A Grade IV court administrative officer or court clerk shall prepare tables of the reorganization creditors, security holders and stockholders, classify the tables according to the nature of the rights, and enter therein the following matters: Table of Reorganization Creditors

9. Names and addresses of reorganization creditors;
10. Details and causes of reorganization claims;
11. Amount of voting rights; and
12. Matters concerning claims of preferential rights or junior claims, if any;

Table of Reorganization Security Holders

4. Names and addresses of reorganization security holders;
5. Details and causes of the reorganization security, object and value of the security, and if a person other than the company is the debtor, that person's name and address; and
6. Amount of voting rights ;

Table of Stockholders

5. Names and addresses; and
6. Kinds and number of stocks

Article 133 (Delivery of Copy)

A Grade IV court administrative officer or court clerk shall deliver to the receiver certified copies of the tables of reorganization creditors. security holders and stockholders.

Article 134 (Keeping of Documents, etc. of Reports on Rights)

Documents concerning the reports on the reorganization claims, securities and stocks, and the tables of reorganization creditors, security holders and stockholders, shall be held by the court in order to allow inspection by interested persons.

Article 135 (Date of Investigation of Reorganization Claims and Securities)

An investigation shall be undertaken into the matters prescribed in Article 132 concerning the reorganization claims and securities reported, on the date of the investigation of the reorganization claims and securities.

Article 136 (Attendance of Persons Concerned)

(1) The representative director of a company shall attend and give a statement of his opinion at the date of the investigation into the reorganization claims and securities; provided, that a representative may attend on his behalf, if there are justifiable reasons for doing so.

(2) Any reorganization creditor, security holder, stockholder or their representative who made the report, may attend at the date of investigation referred to in the preceding paragraph and raise an objection in respect of other reorganization claims or securities.

(3) The representative shall present a document evidencing the power of attorney.

Article 137 (Attendance of Receiver)

No investigation into the reorganization claims and securities shall be conducted in the absence of the receiver.

Article 138 (Investigation into Reorganization Claim, etc. Reported after Period Prescribed)

(1) Investigations regarding reorganization claims and securities reported under Article 127, shall be permitted on the general fixed date, only in the absence of objections by the receiver,

reorganization creditors, security holders and stockholders. This provision shall also apply in the case of other reorganization claims and securities which are reported after the expiration of the period of report.

(2) In the case of an objection by a person referred to in the preceding paragraph, the court shall determine a special date to conduct the investigation into the reorganization claims and securities reported under Article 127. In this case, the expenses of the investigation shall be borne by the reorganization creditor or security holder concerned.

Article 139 (Modifications to Reported Matters)

The provisions of the preceding Article shall apply mutatis mutandis to cases where the reorganization creditor or security holder makes a modification to the matters reported which might be prejudicial to the interests of other reorganization creditors or security holders, after the expiration of the period of report.

Article 140 (Investigation into Reorganization Claim, etc., Report of which is Supplemented on General Fixed Date)

The provisions of Article 138 (2) shall apply mutatis mutandis to cases where a reorganization creditor or security holder makes a report or modifies a matter reported under Article 127, after the general fixed date of the investigation into the reorganization claim and security.

Article 141 (Special Date of Investigation into Reorganization Claim and Security)

(1) The decision determining the special date of the investigation into the reorganization claim and security, shall be served on the receiver, the company, and reported reorganization creditors, security holders and stockholders.

(2) The service referred to in the preceding paragraph may be effected by sending the documents by mail.

(3) The provisions of Article 14 (3) and (4) shall apply mutatis mutandis the case referred to in the preceding paragraph.

Article 142 (Change of Date, Postponement and Continuation)

The provisions of the preceding Article shall apply mutatis mutandis to changes of the date of the investigation into the reorganization claims and securities, and the postponement and continuation of such investigation; provided, that if a pronouncement is made, service shall not be required.

Article 143 (Settlement of Reorganization Claim and Security, etc.)

If there is no objection by the receiver, reorganization creditors, security holders and stockholders on the date of the investigation into the reorganization claims and securities, the contents and the amount of voting rights of such reorganization claims and securities shall become fixed and definite, and with respect to a claim with preferential rights or junior claim, the preferential rights or junior status shall become final.

Article 144 (Entries in Tables of Reorganization Creditors and Security Holders)

(1) The court shall enter the results of the investigation into the reorganization claims and securities, into the tables of reorganization creditors and security holders. This provision shall also apply in the case of an objection raised by the company.

(2) A Grade IV court administrative officer or court clerk shall enter the fact of finalization in the deeds of the reorganization claims and securities that have become fixed and definite, and affix the seal of court thereto.

Article 145 (Effect of Entry)

Any entry recorded in the tables of reorganization creditors and security holders regarding the finalized reorganization claims and securities, shall have the same effect as a final and conclusive judgment in respect of all the reorganization creditors, security holders and stockholders.

Article 146 (Notification of Objection)

In cases where the reorganization creditor or security holder fails to attend on the date of investigation into the reorganization claims and securities, if an objection is made in respect of such right, the court shall notify this to the rightful person.

Article 147 (Litigation for Finalization of Reorganization Claim or Security)

(1) Any person with a right regarding a reorganization claim or security against which an objection has been made (excluding an objection made by the company), may request finalization of that right by litigation against the person making the objection.

(2) The litigation referred to in the preceding paragraph shall be instituted within one month after the investigation into the right.

(3) If several persons raise objections, they shall be co-defendants.

(4) The court shall, upon request of the reorganization or security holder, deliver an abstract of the tables on reorganization creditors or security holders concerning that right.

Article 148 (Jurisdiction over Litigation for Finalization of Reorganization Claim or Security)

The litigation for the finalization of any reorganization claim or security shall be subject to the exclusive jurisdiction of the court of reorganization.

Article 149 (Taking over Litigation concerning Reorganization Claim or Security against which Objection is Raised)

(1) In cases where litigation in respect of a reorganization claim or security as prescribed in Article 147 (1), is pending at the time of the decision to commence reorganization proceedings, if the reorganization creditor or security holder desires to request finalization of his right, he shall takeover the litigation against the person who raised the objection.

(2) The provisions of Article 147 (2) through (4) shall apply mutatis mutandis to the case referred to in the preceding paragraph.

Article 150 (Restrictions on Cause of Claim)

A reorganization creditor or security holder may institute proceedings pursuant to Article 144 (1) for finalization of that right only in respect of matters entered in the tables of reorganization creditors or security holders, or take over the litigation under the provisions of the preceding Article.

Article 151 (Method of Objection by Reorganization Creditor, etc.)

(1) With respect to those reorganization claims or securities prescribed Article 147 (1) against which only a reorganization creditor, security holder or stockholder raises an objection. that objector may assert his objection only in accordance with legal proceedings.

(2) The provisions of Articles 147 (2) through (4) and 148 through 150 shall apply mutatis mutandis to the case referred to in the preceding paragraph.

Article 152 (Method of Objection against Claim, etc. with Title of Debt)

(1) With respect to those reorganization claims or securities prescribed in Article 147 (1) which carry an executive title of debt, or in respect of which final and conclusive judgment has been delivered, a person may raise an objection only in accordance with legal proceedings able to be instituted by the company.

(2) The provisions of Articles 147 (2) through (4), 149 and 150 shall apply mutatis mutandis to the case referred to in the preceding paragraph.

Article 153 (Entry of Result of Litigation for Finalization of Reorganization Claim or Security)

The court shall, upon the request of the receiver, reorganization creditor, security holder or stockholder, enter the results of litigation for finalization of the reorganization claim or security, in the tables of reorganization creditors or security holders.

Article 154 (Effect of Judgment on Litigation for Finalization of Reorganization Claim or Security)

Any judgment on finalization of the reorganization claim or security shall be effective as against all reorganization creditors, security holders and stockholders.

Article 155 (Reimbursement of Litigation Expenses)

If company property obtains some benefit from the litigation for settlement of the reorganization claim or security, the reorganization creditor, security holder or stockholder who raised the objection, may claim reimbursement of the litigation expenses as a creditor of common profits, to the extent of the benefit.

Article 156 (Value of Object of Litigation for Finalization of Reorganization Claim or Security)

The value of the object of the litigation for finalization of the reorganization claim or security, shall be determined by the court of reorganization on the basis of the estimated amount of profits to be obtained from there organization programs.

Article 157 (Report of Fine, Tax, etc.)

(1) The state or public organization shall, without delay, report to the court the amount, cause and contents of the security in relation to claims in accordance with Articles 121 (1) 5 and 122 (1). (2) The provisions of Article 144 (1) shall apply mutatis mutandis to claims reported pursuant to the provisions of the preceding paragraph.

Article 158 (Cases allowing Appeal)

(1) If the cause of the claim reported in accordance with Paragraph (1) of the preceding Article, is a petition, legal action or other disposition allowing an appeal of dissatisfaction, the receiver may lodge an appeal of dissatisfaction by any means available to the company in respect of the claim.

(2) The provisions of Articles 149, 153 and 154 shall apply mutatis mutandis to an appeal of dissatisfaction as referred to in the preceding paragraph.

Article 159 (Classification of Reorganization Creditor, etc.)

(1) The reorganization creditors, security holders, and stockholders shall be classified into the following categories for the preparation and resolution of reorganization programs; provided, that this shall not apply in the case of those possessing claims pursuant to Articles 121 (1) 5 and 122 (1) :

10. Reorganization security holders;
11. Reorganization creditors with claims for general rights of preference;
12. Reorganization creditors other than those referred to in subparagraphs 2 and 4;
13. Reorganization creditors with junior claims;
14. Stockholders possessing those kinds of stocks with preference in the division of the remaining property; and
15. Stockholders other than those referred to in subparagraph 5.

(2) The court may classify those in two or more categories into one category, or those in one category into two or more categories, taking into consideration the nature of the rights and the relationships of the interests of those referred to in subparagraphs of the preceding paragraph; provided, that the reorganization creditors, security holders, and stock-holders, shall be classified into different categories, respectively.

(3) A receiver, company and reorganization creditor, security holder, and stockholder who has made a report, may make a statement of opinion regarding the classification under the preceding paragraph.

(4) The court may modify the classification at any time until the proposed plans are transferred into resolutions.

(5) The provisions of Article 141 shall apply mutatis mutandis to the service of the decision in accordance with paragraphs (2) and (4); provided, that if an announcement is made on the fixed date of the meeting of interested persons or on the fixed date of the investigation into the reorganization claims and securities, such service shall not be required.

Article 160 (Representative Committee Members)

(1) The reorganization creditor, security holder or stockholder may, with the permission of the court, appoint jointly or severally one or several representative committee members.

(2) The authority of the representative committee members shall be certified in writing.

(3) The members of the representative committee may perform all acts relating to reorganization proceedings on behalf of the reorganization creditor, security holder, or stockholder who appointed him.

(4) In the case of several representative committee members, they shall exercise their authority jointly; provided, that it is sufficient for a third person to make a declaration of intention to one of them only.

(5) The court may, if it deems that a representative committee member has exercised his authority in a markedly unfair manner, revoke the permission under Paragraph (1).

(6) If a reorganization creditor, security holder, or stockholder dismisses a representative committee member, he shall report this fact to the court without delay.

Article 161 (Trustee Company)

(1) A trustee company as prescribed by the Secured Debentures Trust Act, may perform all acts concerning the report of the reorganization claim or security, the exercise of voting rights, and other acts pertaining to Reorganization proceedings, on behalf of all debenture holders, in accordance with the resolution of the meeting of debenture holders.

(2) In cases where the trustee company under the preceding paragraph performs acts in accordance with the said paragraph on behalf of all debenture holders, it shall not be required to indicate the debenture holders individually.

Article 162 (Right of Set-off)

(1) In cases where a reorganization creditor or security holder is liable for a debt to the company at the time the reorganization proceedings are commenced, if both the claim and obligation can offset each other prior to the expiration of the period for report of the reorganization claims and securities, then the reorganization creditor or security holder may render the set-off within that period only, without following reorganization proceedings. This provision shall also apply where obligations are subject to time limits.

(2) A set-off in accordance with the preceding paragraph may be rendered only in respect of rental obligations in the current and following terms, after commencement of the reorganization proceedings for the reorganization creditor and security holder; provided, that if security money has been paid, a set-off may be rendered for any subsequent rental obligations.

(3) The provisions of the preceding paragraph shall apply mutatis mutandis to the rent of leased land.

Article 163 (Prohibition of Set-off)

A set-off shall be prohibited in the following cases:

3. Where a reorganization creditor or security holder bears an obligation to the company after the commencement of reorganization proceedings :
4. Where a reorganization creditor or security holder bears an obligation to the company in the knowledge that an application has been made for suspension of payment, bankruptcy, composition commencement or reorganization proceedings commencement; provided, that exceptions shall be made to any of the following:
 - Where such obligation incurred is based on a legal cause;
 - Where such obligation incurred is based on a cause arising prior to the time when a reorganization creditor or security holder knows that there has been an application for suspension of payment, bankruptcy, composition commencement, and reorganization proceedings commencement;
 - Where such obligation incurred is based on a cause arising one or more years prior to the time of a declaration of bankruptcy, or the commencement of composition proceedings or reorganization proceedings.
5. Where a debtor of the company acquires the reorganization claim or security of another person after the commencement of reorganization proceedings; and

6. Where a debtor of the company acquires the reorganization claim or security in the knowledge that an application has been made for suspension of payment, bankruptcy, composition commencement, or reorganization proceedings commencement; provided, that exceptions shall be made in the cases where such obligation incurred is based on a legal cause, where such obligation incurred is based on a cause arising prior to the time when a reorganization creditor or security holder knows that there has been an application for suspension of payment, bankruptcy, composition commencement, and reorganization proceedings commencement, or where such obligation incurred is based on a cause arising one or more years prior to the time of a declaration of bankruptcy, or the commencement of composition proceedings or reorganization proceedings.

CHAPTER V MEETING OF INTERESTED PERSONS

Article 164 (Summons)

(1) The receiver, company, any reorganization creditor, security holder, and stockholder who has made a report, and any person who bears an obligation or offers a security for the reorganization, shall be summoned at the fixed date of the meeting of interested persons.

(2) Notwithstanding the provisions of the preceding paragraph, any reorganization creditor, security holder and stockholder who is unable to exercise voting rights may not be summoned. This provision shall also apply to those who receive service pursuant to Article 47 (2), in regard to the first meeting of interested persons.

Article 165 (Notification of Date)

The date of the meeting of interested persons shall be notified to the administrative agency supervising the affairs of the company, the Minister of Justice and the Securities and Exchange Commission.

Article 166 (Direction of Court)

The meeting of interested persons shall be subject to the direction of the court.

Article 167 (Public Notice of Date and Purpose)

(1) The court shall issue public notice of the date of the meeting of interested persons and the matters which are the object of the meeting.

(2) If a declaration regarding the postponement or continuation of the meeting of interested persons is made, no service or public notice shall be required.

Article 168 (Joint of Dates)

The court may, if it deems it significant, join ex officio or pursuant to the application of the receiver, the respective dates of the meeting of interested persons and the investigation into reorganization claims and securities.

Article 169 (Objection to Voting Rights)

The receiver and any reorganization creditor, security holder, and stockholder who has made a report, may issue a statement of their objections concerning the voting rights of the reorganization creditor, security holder and stockholder; provided, that this shall not apply in respect of the voting rights of reorganization creditors and security holders with reorganization

claims and securities finalized under the investigation procedure prescribed in the preceding Chapter.

Article 170 (Exercise of Voting Rights)

(1) Any reorganization creditor, security holder and stockholder with a finalized reorganization claim or security, and objection-free voting rights, may exercise voting rights in proportion to the finalized amount, reported amount or number thereof.

(2) With respect to any rights objected to, the court shall determine whether to allow the exercise of the voting rights, and the amount or number of voting rights to be exercised.

(3) The court may, upon the request of an interested person or ex officio, modify at any time the decision made under the preceding paragraph.

(4) If a declaration is made regarding the decision referred to in the two preceding paragraphs, service of the decision shall not be required.

Article 171 (Exclusion of Persons with Unlawful Voting Rights)

(1) If the court deems that, in light of the time, price, and other circumstances surrounding the acquisition of rights, a reorganization creditor, security holder or stockholder with voting rights has acquired those rights with the intention of obtaining an unreasonable profit, such as receiving interest on property in relation to a resolution of a meeting of interested persons, the court may prevent him from exercising such voting rights.

(2) The court shall undertake an examination of the person with those voting rights prior to the making of a disposition under the preceding paragraph.

Article 172 (Persons Unable to Exercise Voting Rights)

In addition to those who are unable to exercise voting rights pursuant to the provision of the two preceding Articles, the following persons shall not be able to exercise voting rights:

14. Persons whose rights are not affected by the reorganization programs;
15. Persons with claims in accordance with Articles 121 (1) 5 and 122 (1); and .
16. Persons whose protection is provided for under Article 234 (2).

Article 173 (Exercise of Voting Right by Proxy)

Any reorganization creditor, security holder and stockholder may exercise his voting rights by proxy. In this case, the proxy shall present a document certifying the power of attorney.

CHAPTER V-2 COUNCIL OF CREDITORS

Article 173-2 (Composition)

(1) The administrative committee (in the cases where the administrative committee is not established, it shall mean the court and the same shall apply in this Article) shall compose a council of creditors whose members shall be the main creditors of the company (hereinafter referred to as the "Council" in this Chapter) after the application for the commencement of the reorganization proceedings; provided, that exceptions shall be made in the cases where a company is a small and medium enterprise.

(2) The Council shall be composed of within ten (10) members, provided, that the creditors other than security holders shall be the majority.

(3) The administrative committee may, if it deems necessary, cause minority creditors to participate as members of the Council. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 173-3 (Function of Council)

The Council may mediate the interests among the creditors and present an opinion on the reorganization proceedings to the court. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

Article 173-4 (Furnishing Data on Council, etc.)

(1) The court shall furnish the Council with the documents, determination notes, reports of audit and inspection, regarding the application for the commencement of reorganization proceedings, and copies of main data on reorganization proceedings provided under the regulations of the Supreme Court.

(2) A receiver shall present to the Council on a quarterly basis the main documents designated by the court among the reports to the court.

(3) The Council may, if it is necessary for the decision of the intention regarding organization proceedings, make a request of inspection of the book of the company and other data on reorganization proceedings.

(4) A person who is asked of such request under the provision of Paragraph (3) shall comply therewith unless there is any justifiable reason.

(5) Any information and data on reorganization proceedings shall be furnished upon the request of a creditor who does not constitute the Council.

(6) The composition, function, right, and other necessary matters of the Council shall be determined by the regulations of the Supreme Court. [This Article Newly Inserted by Act No. 5517, Feb. 24, 1998]

CHAPTER VI PROCEDURE FOLLOWING COMMENCEMENT OF REORGANIZATION PROCEEDINGS

Article 174 (Management of Company Affairs and Property)

The receiver shall undertake the management of the affairs and property of the company immediately upon the assumption of his office.

Article 175 (Management of Mail)

(1) The court may charge any communication agency or other person with the delivery of mails or telegrams sent to the company, to the receiver.

(2) The receiver may open any mail or telegram which he receives in accordance with the preceding paragraph.

(3) The company may demand an inspection of the mails or telegrams referred to in the preceding paragraph, and demand the delivery of anything not related to the property of company.

Article 176 (Cancellation, etc. of Management of Mail)

(1) The court may, upon the request of the company or ex officio, revoke or modify the charge prescribed in Paragraph (1) of the preceding Article after hearing the opinion of the receiver.

(2) If reorganization proceedings are completed, the court shall revoke the charge prescribed in Paragraph (1) of the preceding Article.

Article 177 (Appraisal of Property Value)

The receiver shall, upon the commencement of reorganization proceedings and without delay, appraise the value of all properties belonging to the company in the presence of a Grade IV court administrative officer or court clerk, bailiff, or notary public. In this case, the company shall take part in the appraisal, except in cases where there is a possibility of delay.

Article 178 (Preparation of Inventory and Balance Sheet)

(1) The receiver shall, after the commencement of reorganization proceedings and without delay, prepare the inventory and balance sheet as of the time of the commencement of the proceedings.

(2) The receiver shall affix his signature and his seal to the certified copies of the inventory and balance sheet referred to in the preceding paragraph, and file it with the court.

Article 179 (Investigation and Report of Receiver)

17. The receiver shall, upon assumption of office and without delay, investigate the following matters and submit a report thereof to the court:
18. Circumstances under which the reorganization proceedings were commenced;
19. Developments and present conditions regarding the affairs and property of the company;
20. Whether circumstances exist which require the measures prescribed in Article 72; and
21. Other matters necessary for reorganization.

Article 180 (Investigation of Reorganization Creditor, etc.)

The receiver shall investigate the following matters and submit a report thereof to the court within the period determined by the court:

13. Name and address of reorganization creditors, contents and causes of reorganization claims, the amount of voting rights, and matters, if any, concerning claims with rights of preference or junior claims;
14. Name and address of reorganization security holders, contents and cause of reorganization securities, the object and value of the securities, the amount of voting rights, and if a person other than the company is the debtor, his name and address; and
15. Name and address of the stockholders, and the kind and number of stocks.

Article 181 (Subsequent Report, etc.)

The receiver shall, in addition to those matters prescribed in the four preceding Articles, and in accordance with the directives of the court, report to the court on the management conditions of company affairs and property, and on such other matters as ordered by the court, and shall prepare an inventory and balance sheet at the time of authorization of the reorganization programs, and at other times determined by the court, and submit certified copies thereof to the court.

Article 182 (Appraisal of Fixed Business Assets)

The provisions of subparagraph 2 of Article 31 of the Commercial Act shall not apply in respect of the appraisal of fixed business assets entered in the inventory prepared pursuant to Article

178 and the preceding Article, and the appraisal of fixed business assets of the company in accordance with the reOrganization proceedings.

Article 183 (Holding of Documents)

Any documents submitted to the court pursuant to Articles 178 through 181, shall be held by the court in order to allow inspection by interested persons.

Article 184 (Suspension of Business)

In cases where special circumstances arise in respect of a company conducting business, which make it inappropriate to continue business operations, the receiver shall, if he wishes to suspend business operations, obtain the permission of the court.

Article 185 (Method, etc. of Safekeeping of Property)

The court may determine the matters necessary concerning the method of safekeeping of money and other property, and the receipts and disbursements of money.

Article 186 (Legal Adviser)

The receiver may, if necessary, appoint a legal adviser with the permission of the court.

Article 187 (First Meeting of Interested Persons)

The receiver shall give a report summarizing the matters prescribed in Article 179 or 180 to the first meeting of interested persons.

Article 188 (Idem)

In respect of the first meeting of interested persons, the court shall consider the opinions of the receiver, company and reported reorganization creditors, security holders and stockholders, regarding the appointment of the receiver and the management of company affairs and property.

Article 189 (Preparation and Presentation of Reorganization Programs)

(1) The receiver shall, upon the expiration of the period for the reports on reorganization claims, securities, and stocks, prepare and present reorganization programs to the court, within such period as prescribed by the court.

(2) The court may, upon a request or ex officio, extend the period referred to in the preceding paragraph.

(3) Where preparation of the reorganization programs is impossible, the receiver shall submit a report to that effect to the court within the limited period referred to in the two preceding paragraphs.

(4) The period prescribed by the court under the provision of Paragraph (1) shall not exceed four (4) months from the expiration day of the report period of reorganization claims, security and stocks.

(5) The extension of the period under the provision of Paragraph (2) shall not exceed two (2) months; provided, that in the case of a small and medium one (1) month shall not be exceeded.

Article 190 (Idem)

(1) The company and the reported reorganization creditors, security holders and stockholders may prepare the reorganization programs and present them to the court within such period as determined by the court.

(2) The provisions of Paragraph (2) of the preceding Article shall apply mutatis mutandis to the case referred to in the preceding paragraph.

Article 191 (Programs for Liquidation)

(1) Where obvious difficulties arise after the commencement of reorganization proceedings, in the preparation of reorganization programs, including the continuation of the business by means of the continued existence or merger of the company, the establishment of a new company, or the transfer of business, the court may permit the preparation of programs for liquidation. upon the application of the drafter of the program; provided, that this shall not apply in cases where it would be prejudicial to the general interests of the creditors.

(2) The court may revoke the permission referred to in the preceding paragraph at any time, until the programs are put to resolution.

(3) The provisions of Article 159 (3) shall apply mutatis mutandis to the permission referred to in paragraph (1). Article 192 (Meeting of Interested Persons for Examination of Reorganization Programs) Upon the submission of the reorganization programs, the court shall convene a meeting of the interested persons to examine such programs up on a fixed date.

Article 193 (Idem)

In respect of the meeting of interested persons prescribed in the preceding Article, the court shall, upon hearing explanations regarding the program from the person who submitted it. then give consideration to the opinions of the receiver. reported reorganization creditors, security holders, and stockholders. regarding the programs.

Article 194 (Opinion of Supervisory Administrative Agency, etc.)

(1) The court may, if it deems it necessary, request statements of opinion regarding the proposed reorganization programs from the administrative agency supervising the affairs of the company, the Minister of Justice, the Securities and Exchange Commission, or other administrative authorities.

(2) With respect to reorganization programs which provide for matters requiring the permission, authorization, license or other disposition of the administrative agency, the court shall hear the opinion of the administrative agency concerned regarding such matters.

(3) The administrative agency supervising the affairs of the company, the Minister of Justice or the Securities and Exchange Commission may at any time issue to the court a statement of opinion regarding the programs.

Article 195 (Opinion of Company Labour Union, etc.)

Where there is a labour union composed of the majority of the employees of the company, the court shall hear the opinion of the labour union regarding the reorganization programs, and if no such union exists, the opinion of the person representing the majority of the company employees.

Article 196 (Amendment of Reorganization Programs)

The person who submitted the reorganization programs may, with the permission of the court. make amendments to it until the meeting of interested persons is held to examine it.

Article 197 (Order of Revision of Reorganization Programs)

(1) The court may, upon the application of an interested person or ex officio, order the person who has submitted the reorganization programs, to amend it.

(2) The person who has submitted the programs shall, upon receipt of the order of the court referred to in the preceding paragraph, revise it within the time limit prescribed by the court.

Article 198 (Reconvening of Meeting of Interested Persons)

(1) Where any amendment prescribed in the preceding Article is made after the date of the meeting of interested persons for the examination of the reorganization programs, the court may reconvene the meeting of interested persons to examine the amended programs upon a fixed date.

(2) The provisions of Article 193 shall apply mutatis mutandis to the meeting of interested persons referred to in the preceding paragraph.

Article 199 (Exclusion of Reorganization Programs)

If the court deems that the reorganization programs are contrary to the provisions of Acts, or are unfair, unequal, or unfeasible, it may refuse to refer the programs for examination or put the programs to resolution by the meeting of interested persons.

Article 200 (Meeting of Interested Persons for Resolution on Reorganization Programs)

(1) If no orders for amendment are issued in respect of reorganization programs which have been subject to examination by the meeting of interested persons in accordance with the provisions of Article 192 or 198, the court shall fix a date and convene a meeting of interested persons in order to issue a resolution regarding the programs.

(2) In the case prescribed in Paragraph (1), the court shall serve in advance copies or summaries of the programs to the receiver, company, reported reorganization creditors, security holders and stockholders (excluding those who are unable to exercise voting rights), those who bear an obligation or offer security for reorganization, the administrative agency supervising the affairs of the company, the Minister of Justice and the Securities and Exchange Commission.

(3) The provisions of Article 141 (2) and (3) shall apply mutatis mutandis in respect of service referred to in the preceding paragraph.

Article 201 (Attendance of Those bearing Obligations, etc. for Reorganization)

(1) A person who bears an obligation or offers a security for reorganization, shall attend on the date fixed under Paragraph (1) of the preceding Article, and present a statement of his opinion; provided, that where justifiable reasons exist, he may have a representative attend on his behalf.

(2) The representative shall present a document certifying his power of attorney.

Article 202 (Modification of Reorganization Programs)

Any person who submitted a reorganization programs may, with the permission of the court, modify the program at the meeting of interested persons prescribed in Article 200 (1), only in cases where there would be no unfavourable effect on the reorganization creditors, security holders and stockholders.

Article 203 (Time of Resolution)

The reorganization programs shall not be put to resolution prior to the completion of the investigation into general reorganization claims or securities.

Article 204 (Method of Resolution)

The reorganization creditors, security holders and stockholders shall issue resolutions by categories classified in accordance with Article 159, at the meeting of interested persons prescribed under Article 200 (1) .

Article 205 (Requirements for Adoption)

In adopting the reorganization programs at the meeting of interested persons, the reorganization creditors' category shall require the assent of those holding voting rights equivalent to two-thirds or more of the total amount of voting rights of reorganization creditors who are entitled to exercise voting rights; the reorganization security holders' category shall require the assent of those holding voting rights equivalent to three-fourths or more of the total amount of the voting rights of reorganization security holders who are entitled to exercise voting rights in respect of programs determining an extension of the time limit of reorganization securities, the assent of those holding voting rights equivalent to four-fifths or more of the total amount of voting rights of reorganization security holders who are entitled to exercise voting rights in respect of programs determining provisions which affect the rights by way of reduction and exemption of reorganization securities or in ways other than the extension of the time limit, and the assent of all of the reorganization security holders who are entitled to exercise voting rights in respect of the programs prescribed in Article 191; and the category of stockholders shall require the assent of those holding voting rights equivalent to a majority of the total voting rights of stockholders who are entitled to exercise voting rights; respectively.

Article 206 (Designation of Date of Resumption)

Even in the case where the reorganization programs are not adopted at the meeting of interested persons, if those in the category of reorganization creditors, holding voting rights equivalent to a majority of the total amount of voting rights of reorganization creditors who are entitled to exercise voting rights; and in the category of reorganization security holders, those holding voting rights equivalent to two-thirds or more of the total amount of voting rights of reorganization security holders who are entitled to exercise voting rights; and in the category of stockholders, those holding voting rights equivalent to one-third or more of the total number of voting rights of stockholders who are entitled to exercise voting rights; agree to a continuation of the fixed date, the court shall determine and declare the fixed date of resumption ex officio or upon the application of the receiver, company, or reorganization creditor, security holder or stockholder entitled to exercise voting rights.

Article 207 (Time of Adoption)

(1) Adoption of the reorganization programs shall take place within two (2) months from the first date fixed for the meeting of interested persons under Article 200 (1).

(2) The court may, if it deems it necessary, extend the period referred to in the preceding paragraph, ex officio or upon the application of the person who submitted the programs; provided, that this period shall not exceed one month.

(3) The adoption of the reorganization programs shall take place within one (1) year from the commencement date of reorganization proceedings; provided, that if there occurs any unavoidable cause, the court may extend such period within the limit of six (6) months.

Article 208 (Claim for Common Profits)

Claims in respect of the following shall be regarded as claims for common profits:

7. Judicial expenses for the common interests of reorganization creditors, security holders, and stockholders;
8. Expenses relating to the operation of the business and the management and disposal of company property after the commencement of reorganization proceedings ;
9. Expenses relating to the implementation of the reorganization programs, excluding those incurred after completion of the reorganization proceedings;
10. Remuneration. expenses and compensation to be paid in accordance with the provisions of Articles 284 and 286;
11. Claims arising from the borrowing of funds and other acts undertaken by the receiver in accordance with his authority in respect of the affairs and property of the company;
12. Claims arising in respect of the company due to the management of affairs or unjust enrichment, after the commencement of reorganization proceedings;
13. Claims held by the other party in cases where the receiver performs the obligation prescribed by Article 103 (1);
14. Claims arising from the supply by the other party to a bilateral contract bearing the obligation for continuous supply, which took place after an application for the commencement of reorganization proceedings and prior to the commencement of reorganization proceedings;
15. From among the reorganization claims, those taxes, value-added tax, special consumption tax, liquor tax, and traffic tax subject to collection through withholding, and local taxes to be collected and paid by the person liable for special collection, the time limit for payment of which has not yet expired or arrived at the time of commencement of reorganization proceedings;
16. Wages and retirement allowances of company employees;
17. Claims for the return of deposit monies and bonds for good conduct of company employees. which arise prior to the commencement of reorganization proceedings;
18. Claims arising from the conduct of the company or preservation receiver who borrows funds, purchases materials, or conducts any act essential for the continuation of the company business, etc. with the permission of the court, after application for the commencement of reorganization proceedings and prior to the commencement thereof; and
19. Expenses other than those as referred to in subparagraphs 1 through 12, which are necessarily disbursed for benefit of the company.

Article 209 (Satisfaction of Common Benefit Claim)

(1) The common benefit claim shall be satisfied at any time without complying with reorganization proceedings.

(2) Satisfaction of the common benefit claim shall take preference over satisfaction of reorganization claims and securities.

Article 210 (Method of Satisfaction in Cases where Company Property is Insufficient)

If it becomes obvious that the property of a company is insufficient to satisfy the total amount of the common benefit claim, the claim shall be satisfied in proportion to the amount of the claim which has not been satisfied despite the rights of preference prescribed by other legislation; provided, that this shall not affect the validity of any lien, right of pledge, security, lease on deposit basis, or special preferential rights which exist in respect of the common benefit claim.

CHAPTER VII PROVISIONS OF REORGANIZATION PROGRAM

Article 211 (Provisions of Reorganization Program)

(1) The reorganization program shall prescribe provisions which alter the rights of all or some of the reorganization creditors, security holders, or stockholders, and provisions concerning the satisfaction of the common benefit claim. This shall also apply to provisions concerning the use of proceeds exceeding the amount anticipated from the program, and the method of raising funds for satisfaction of the claim.

(2) The program may prescribe provisions concerning the transfer of the business or property, investment or lease, delegation of the operation of business, modification of the articles of association, changes of director, representative director or auditor, reduction of the capital, issue of new stocks or debentures, merger, dissolution or establishment of new company, and other provisions necessary for reorganization.

Article 212 (Rights of Reorganization Creditor, etc.)

(1) If rights of a reorganization creditor, security holder or stockholder are altered, the right subject to the alteration shall be specified, and the contents of the right after such alteration shall be determined.

(2) If the rights of any reorganization creditor, security holder or Stock-holder are not affected by the reorganization program, such rights shall be specified.

Article 213 (Time Limit of Obligation)

In cases where an obligation is borne or the time limit of an obligation is postponed in accordance with the reorganization program, the time limit of the obligation shall, if a security exists, not exceed the life of the security, and if no security exists or it is impossible to determine the life of the security, the time limit shall not exceed ten (10) years.

Article 214 (Offer of Security and Burden of Obligation)

(1) If the company or a person other than the company offers any security for reorganization, the person offering the security shall be specified, and the contents of the security shall be laid down.

(2) If a person other than the company bears any obligation for there organization, such as the undertaking of an obligation, or standing as guarantee, etc., that person shall be specified, and the contents of such obligation shall be laid down.

Article 215 (Unsettled Reorganization Claim, etc.)

If the procedures for the finalization of a reorganization claim or security capable of being objected to have not been completed, any suitable measures shall be taken in respect of such claim, etc. taking into consideration the possibility of finalization thereof.

Article 215-2 (Performed Reorganization Obligation, etc.)

Any reorganization claims and securities satisfied in accordance with Article 112-2 (1) and (2) shall be specified. [This Article Newly Inserted by Act No. 3380, Mar. 5, 1981]

Article 216 (Common Benefit Claim)

Any common benefit claim which has already been satisfied, shall be specified, and reasonable provisions shall be determined in respect of the future satisfaction thereof.

Article 217 (Transfer, etc. of Business or Property)

If all or part of the business or property of the company is transferred, invested or leased, or all or part of the management of the company business is delegated, or a contract sharing any loss and profits with another person, or contract similar thereto, is concluded, modified or terminated, or all or part of another person's business or property is taken over, matters such as the object, cost, and other party to the transaction shall be prescribed, and if the cost is distributed among the reorganization creditors, security holders, or stockholders, the method of distribution shall also be determined.

Article 218 (Unsettled Disputes)

If a dispute regarding rights belonging to the company has not been settled, matters concerning compromise or the acceptance of mediation shall be prescribed, or a positive method concerning the conduct of litigation and enforcement of other rights by the receiver, shall be determined.

Article 219 (Modification of Articles of Association)

If the articles of association of the company are modified, the contents of such modifications shall be prescribed.

Article 220 (Change of Director, etc.)

(1) In cases of the appointment of directors or auditors of the company, or the election of a representative director of the company, matters such as those to be appointed or elected, their term of office, the method of appointment or election, shall be determined.

(2) If any director, representative director or auditor of the company is to be retained in office, that person and his term of office shall be prescribed; provided, that if the commencement of reorganization proceedings is due to the escape, concealment or wilful insolvent operation, etc. of company property by such director, representative director or auditor, he may not be retained in office.

(3) In the case of the two preceding paragraphs, if several representative directors are to represent the company jointly, such matters shall be determined.

(4) The term of office referred to in Paragraph (1) and (2) shall not exceed one year.

Article 221 (Reduction of Capital)

(1) In the case of reduction of company capital, the following matters shall be determined : 1. The amount of capital to be reduced; and 2. The method of capital reduction.

(2) The reduction of company capital under the provision of Paragraph (1) shall be determined with the consideration of assets, indebtedness, and earning capacity of the company.

(3) In cases where the total amount of the indebtedness of the company at the time of the commencement of reorganization proceedings exceeds the total assets, the reduction of

company capital shall be determined by amortization of more than one half of the stocks issued by the company.

(4) In cases where the commencement of reorganization proceedings is caused by a director of the company or an equivalent person the reduction of capital shall be determined in such a manner that amortizes two-thirds of the stock held by the stockholder who has exercised considerable effect on such conduct, his lineal relative and other stockholders in a special relationship with him.

(5) In the case where new stocks are issued pursuant to Article 222 after the reduction of capital in accordance with the provision of Paragraph (4), the stockholders referred to in paragraph (4) shall not accept the new stocks.

Article 222 (Issue of New Stocks)

(1) If the company issues new stocks without requiring the reorganization creditors, security holders or stockholders to make a new payment or contribution in kind, the following matters shall be determined:

22. The kind and number of new stocks;
23. Matters concerned the allotment of new stocks; and
24. The amount of capital and reserve fund to be increased by the issue of new stocks;

(2) If the company, in issuing new stocks, requires the reorganization creditors, security holders or stockholders to make new payments or to contribute in kind, determinations regarding the following matters shall be made:

16. Matters referred to in subparagraphs 1 and 3 of the preceding paragraph;
17. Matters concerning the amount of payment and the allotment of new stocks, and the fixed date of payment for the new stocks (this fixed date shall be a day after the expiration of three or more months from the day of the decision to authorize the reorganization program); and
18. Persons who will make new contributions in kind, if any, the property which is the object of contribution, the price thereof, and the kind and number of stocks to be allotted in respect of it.

(3) Except in the cases prescribed in the two preceding paragraphs, if the company issues new stocks, it shall determine the following matters:

20. Matters as referred to in paragraph (1) 1;
21. Matters as referred to in subparagraph 3 of the preceding paragraph; and
22. The issue price of the new stocks and the date of payment thereof (this fixed date shall be a day after the expiration of three or more months from the day of the decision to authorize the programs).

Article 223 (Issue of Debentures)

When the company issues debentures, it shall make determinations of the following matters:

7. The total amount of the debentures;
8. The amount, interest rates, method and time limit of redemption and interest payment, and other details of each debenture;

9. Method of issue of debentures and, if the debentures are issued with or without requiring any new payment by the reorganization creditors, security holders or stockholders, matters concerning the allotment thereof; and
10. In the case of secured debentures, the details of such security.

Article 224 (Merger)

When one company merges with another, and one of them continues to exist after the merger, the following matters shall be determined:

16. The trade name of the other company;
17. If the total number of stocks issued by the surviving company increases as a result of the merger, the kinds and number of stocks to be increased, matters concerning restrictions on the pre-emptive rights of the holders of such stocks. and if a specified third person is vested with some authority, the matters concerning it;
18. Matters concerning the kind and allotment of new stocks to be issued to the reorganization creditors, security holders or stockholders of the company extinguished by the merger;
19. The amount of capital and reserve funds of the surviving company to be increased;
20. If it is stipulated that any money is to be paid, or any debentures allotted, to the stockholders of the company which is extinguished by the merger. the clauses of such stipulation;
21. The date and time of the general meeting of stockholders for a resolution on the approval of the contract of merger in respect of the other company; and
22. If the time of merger is determined, the provisions thereof.

Article 225 (Consolidation)

If a company merges with another company, and establishes a new company, the following matters shall be determined:

7. The trade name of the other company;
8. The trade name, object, location of the head and branch offices, and method of public notice of the new company;
9. The kinds and number of stocks to be issued by the new company;
10. Matters concerning restrictions on the pre-emptive rights of stockholders in respect of the total number of the stocks to be issued by the new company, which is determined at the time of the establishment of new company, and if it is determined that new issuing stocks are to be granted to a specified third person, the matters concerning this;
11. Matters concerning the kind, number and allotment of the stocks to be issued to the reorganization creditor, security holders, or the stockholders of each company;
12. The amount of the capital and reserve funds of the new company;
13. If it is stipulated that any money is to be paid or debentures are to be allotted to the stockholders of each company, the provisions of such stipulation; and
14. Matters as referred to in subparagraphs 6 and 7 of the preceding Article.

Article 226 (Establishment of New Company)

(1) If a new company is established by requiring the reorganization creditors, security holders or stockholders not to make new payments or contributions in kind, but to accept the stocks, the following matters shall be determined:

5. The trade name, object, location of the head and branch offices, and method of public notice, of the new company;
6. The total number of the stocks to be issued by the new company;
7. The amount of one stock;
8. Matters concerning restrictions on the pre-emptive rights of the stockholders in respect of the total number of stocks to be issued by the new company, which are determined at the time of the establishment of the new company, and if it is stipulated that it is allotted to a specified third person, the matters concerning it;
9. Matters concerning the kind, number and allotment of the stocks to be issued to the reorganization creditors, security holders, or stock-holders;
10. Matters to be entered in the articles of association of the new company;
11. The amount of the capital and reserve funds of the new company;
12. Property and the value thereof to be transferred from the company to the new company;
13. Those who will be the directors, representative director and auditors of the new company, or the method of appointment or election, and the term of office (provided that this may not exceed one year); and
14. If the new company issues the debentures, the matters as prescribed in Article 223.

(2) Except as prescribed in the preceding paragraph, if a new company is established without going through a merger, the following matters shall be determined:

3. Matters as referred to in subparagraphs 1 through 3, 6 and 8 through 10 of the preceding paragraph;
4. The kind and number of stocks to be issued at the time of the establishment of the new company, and if the company requires the reorganization creditors, security holders, and stockholders to accept the stocks with or without a new payment or contribution in kind, the matters as referred to in subparagraph 5 of the preceding paragraph; and
5. If a person makes a new contribution in kind, such persons, the property which is the object of contribution, the price thereof, and the kinds and number of the stocks to be allotted for it.

Article 227 (Dissolution)

If a company is dissolved by means other than merger, the object and time of dissolution shall be determined.

Article 228 (Difference in Conditions)

(1) The conditions in the reorganization programs shall be discriminated fairly and equally, taking into consideration the following order of rights:

7. Reorganization security;
8. Reorganization claim with general preferential rights;
9. Reorganization claims other than those referred to in the preceding and following subparagraphs;

10. Junior reorganization claim;
11. Rights of stockholders who have any preferential contents as to the distribution of the remaining property; and
12. Rights of stockholder other than those referred to in the preceding subparagraph.

(2) The provisions of the preceding subparagraph shall not apply to the claims as prescribed in Articles 121 (1) 5 and 122 (1).

Article 229 (Principle of Equality)

Conditions for the reorganization program shall be equal as among those who hold rights of the same nature; provided, that this shall not apply in cases where the claim of the reorganization creditors and security holders is for a small sum, and it is prescribed differently, or any discrimination among them is not prejudicial to the equilibrium.

Article 230 (Provisions concerning Appointment, etc. of Director, etc.)

The provisions of the reorganization program concerning the appointment, election or remaining in office of the directors, representative director or auditors of the company or new company (excluding new companies established by merger), or the method of such appointment or election, shall be equal and consistent with the general interests of the reorganization creditors, security holders and stockholders.

Article 231 (Nullity of Granting Special Interests)

Any act of the company or a third person granting a special interest to any reorganization creditor, security holder or stockholder not in conformity with the conditions of the reorganization program, shall become null and void.

CHAPTER VIII APPROVAL, REJECTION AND EXECUTION OF REORGANIZATION PROGRAMS

Article 232 (Approval and Rejection of Reorganization Programs)

(1) Where the meeting of interested persons has adopted the reorganization programs, the court shall make a decision on whether it approves or rejects the programs at that date, or at the date immediately declared.

(2) Those persons prescribed in Articles 164 and 165, may give a statement of their opinions concerning the approval or rejection of the programs.

(3) If the decision determining the date at which the programs are approved or rejected is declared, no public notice and service shall be required.

Article 233 (Requirements for Approval of Reorganization Program)

(1) The court may make a decision for the approval of a reorganization program only where the following requirements are met:

25. The reorganization proceedings or program conforms with the provisions of the Act;
26. The program is fair, equitable and feasible;
27. The resolution was made in an honest and equitable manner;
28. In respect of programs containing a merger, the general meeting of the stockholders of another company has issued a resolution for the approval of the merger contract; and

29. In respect of programs determining matters requiring the permission, authorization, license or other disposition of the administrative agency, they do not contravene in an important respect the opinion of the administrative agency as prescribed in Article 194 (2).

(2) Even in cases where the reorganization proceedings contravene the provisions of Acts, the court may, if it deems it improper not to approve the program in light of the extent of the contravention, present situation of the company, and all other circumstances, give a decision approving the program.

Article 234 (Approval in Dissenting Category)

(1) Even in cases where a category in which those holding voting rights more than the legal amount or number fails to reach an agreement on the proposed reorganization program at the meeting of interested persons, the court may, upon modification of the proposed program, and the determination of clauses in accordance with one of the following methods, to protect the rights of the reorganization creditors, security holders or stockholders in such category, decide to approve the reorganization program:

19. In respect of reorganization security holders, the method which transfers the property which is the object of the security, to a new company, or assigns it to another person. or reserves it in the company, while maintaining the right to the property;

20. The method by which the court sells property which is the subject of the right in the case of reorganization security holders, company property to be appropriated for satisfaction of the claim in the case of a reorganization creditors, and company property to be appropriated in distribution of the remaining property in the case of a stockholder, at a price greater than the fair market price determined by the court (with respect to property subject to security rights, it shall be appraised as property without liabilities arising from such rights), and upon deducting the expenses for sale from the proceeds of sale, performs an obligation or distributes or deposits the remainder;

21. The method which pays the fair market price of the right as determined by the court, to the right holder; and

22. Other methods which fairly and equitably protect rights holders in accordance with the provisions of each preceding subparagraph.

(2) If it is obviously impossible in a category to reach agreement by those holding voting rights greater than the legal amount or number, in respect of the program at the meeting of interested persons, the court may, upon the application of the person who drafted the program, allow the determination in advance of provisions to protect the rights of the reorganization creditors, security holders or stockholders in that category, and the preparation of a program in accordance with any of the methods referred to in the preceding paragraphs, in their interests.

(3) The court shall, upon application under the preceding paragraph, hear the opinions of the applicant and one or more persons holding rights in the categories prescribed in the said paragraph.

Article 235 (Declaration, etc. of Decision to Approve or Reject Reorganization Program)

(1) A declaration shall be made of the decision to approve or reject the reorganization program, and public notice shall be issued of the text, main reasons, program itself or its major points; provided, that service shall not be required.

(2) The provisions of Article 35 (1) shall apply mutatis mutandis to cases where the decision referred to in the preceding paragraph is made.

Article 236 (Time when Reorganization Program become Effective)

The reorganization programs shall take effect from the time decisions for their approval are reached.

Article 237 (Appeal)

(1) An immediate appeal may be brought against a decision for the approval or rejection of a reorganization program; provided, that this shall not be so in the case of reorganization creditors, security holders or stockholders who fail to make the report.

(2) In bringing an appeal under the preceding paragraph, a reorganization creditor, security holder or stockholder without voting rights shall prove that he is a reorganization creditor, security holder or stockholder.

(3) An appeal under Paragraph (1) shall have no effect on the execution of the program; provided, that if the appeal is deemed well-grounded legally, and there is an urgent need to avoid any irreparable loss arising from the execution of the program, and proof of these facts exist, the appellate court or court of reorganization may, upon application, suspend the program in whole or part, or take other necessary measures, with or without the supply of any security, until such time as a decision on the appeal is made.

(4) The provisions of the three preceding paragraphs shall apply mutatis mutandis to an appeal in accordance with Article 420 of the Civil Procedure Act, which is applied mutatis mutandis in Article 8.

Article 238 (Case where Decision to Reject Reorganization Program becomes Final)

The provisions of Articles 281 and 282 shall apply mutatis mutandis to cases where the decision to reject the reorganization program becomes final.

Article 239 (Entry in Table of Reorganization Creditors, etc.)

When the decision to approve the reorganization program becomes final, a Grade IV court administrative officer or court clerk shall enter the provisions of the program in the tables of reorganization creditors, security holders and stockholders.

Article 240 (Scope of Effect of Reorganization Program)

(1) The reorganization program shall be effective for and against the company, all reorganization creditors, security holders, stockholders, those who bear obligations or offer securities for reorganization, and new companies (excluding new companies established by merger).

(2) The program shall not affect the rights held by a reorganization creditor or security holder against the guarantor of the company and those who bear an obligation together with the company, nor the security offered by a person other than the company, for the reorganization creditor or security holder.

Article 241 (Exemption, etc. from Liability for Reorganization Claim)

With the exception of any rights recognized in accordance with the provisions of this Act or the provisions of the program if a decision has been made for the approval of the reorganization program, the company shall be exempted from all liability in respect of reorganization claims and securities, and all securities relating to stockholders' rights and company property shall be extinguished; provided, that this shall not apply to the claim prescribed in Article 121 (1) 5.

Article 242 (Alteration of Rights)

(1) When a decision has been made for the approval of the reorganization program, the rights of the reorganization creditors, security holders and stockholders shall be altered in accordance with the provisions of the program.

(2) The provisions of Articles 339 and 340 (3) of the Commercial Act, shall apply mutatis mutandis to any money or goods, stocks, claims, other rights and stock certificates, which are to be received by the stockholders through the alteration of rights in accordance with the provisions of the preceding paragraph. Article 243 (Rights of Reorganization Creditor and Security Holder) If a right is recognized in respect of the reorganization creditor or security holder pursuant to the provisions of the reorganization program, that right shall be recognized only in respect of those who hold a finalized reorganization claim or security.

Article 244 (Rights of Stockholder who Fails to make Report)

In cases where the right is recognized in respect of the stockholder pursuant to the provisions of the reorganization program, the right shall also be recognized in respect of the stockholder who fails to make a report of the stock.

Article 245 (Effect of Entry in Tables of Reorganization Creditors, etc.)

(1) When the decision for the approval of the reorganization program becomes final, an entry into the tables of reorganization creditors or security holders shall have the same effect as a final and conclusive judgment in respect of the company, new company (excluding new companies established by merger), reorganization creditors, security holders and stockholders of the company, and those who bear an obligation or offer a security for the reorganization, in relation to rights recognized pursuant to the provisions of the program on the basis of the reorganization claim or security.

(2) Any person holding a right referred to in the preceding paragraph, with a claim for the payment of money or other performance, may enforce compulsory execution against those bearing an obligation for reorganization and the company, in accordance with the tables of reorganization creditors or security holders, after reorganization proceedings are completed. In this case also, the guarantor may lodge a protest under Article 437 of the Civil Act.

(3) The provisions of Articles 478 through 517 of the Civil Procedure Act shall apply mutatis mutandis to the case referred to in the preceding paragraph; provided, that any litigation under Articles 483, 505 and 506 of the said Act, shall be subject to the exclusive jurisdiction of the court of reorganization.

Article 246 (Invalidation of Suspended Proceedings)

(1) When a decision for the approval of the reorganization program has been made, any bankruptcy proceedings, compulsory execution, provisional seizure, injunctions, execution of security right, and auction proceedings under the Auction Act, which were suspended pursuant

to Article 67 (1), shall be invalidated; provided, that this shall not be so for any proceedings or dispositions continued in accordance with the provisions of Paragraph (6) of the said Article.

(2) A foundation claim in bankruptcy proceedings invalidated under the preceding paragraph (excluding those prescribed in subparagraphs 2 and 9 of Article 38 of the Bankruptcy Act), shall be a common benefit claim.

Article 247 (Execution of Reorganization Program)

(1) When a decision for the approval of the reorganization program has been made, the receiver shall execute the program without delay.

(2) If a new company is established pursuant to the provisions of the program, the duties of the promoter or member of establishment committee shall be carried out by the receiver.

(3) The administrative committee shall evaluate whether the reorganization program is executed properly or not and present the opinion thereof to the court every year.

(4) The administrative committee may present an opinion to the court regarding the completion or repeal of the reorganization program.

Article 248 (Order of Court on Execution of Reorganization Program)

(1) The court may issue any order necessary for the execution of there organization program to the person prescribed in Article 240 (1) and the receiver.

(2) The court may, if it deems it necessary in order to ensure the execution of the program, require the supply of a considerable security in the interests of those holding a claim pursuant to the provisions of the program or this Act, and those holding a reorganization claim or security against which an objection is made and the procedure for finalization is not complete.

(3) The provisions of Articles 112, 113, 115 and 116 of the Civil Procedure Act shall apply mutatis mutandis to the security as prescribed in the preceding paragraph.

Article 249 (Exclusion of Provisions, etc. of Acts and subordinate Statutes relating to Resolutions, etc. of General Meeting of Stockholders)

Notwithstanding the provisions of other Acts and subordinate statutes or the articles of association, the execution of a reorganization program shall not require any resolution of the inaugural general meeting, general meeting of stockholders (including all kinds of general meeting of stockholder) or the board of directors of the company.

Article 250 (Special Case of Provisions of Commercial Act concerning Transfer, etc. of Business)

If the reorganization program provides pursuant to Article 217 for the transfer, investment or lease of all or part of the company business or property, or for the delegation of all or part of the company's business operations, or for the conclusion, modification or termination of a contract sharing the loss and profit with another person, or other equivalent contract, or for the transfer of all or part of the another person's business or property, such act may be performed pursuant to such provisions of the program.

Article 251 (Special Case of Provisions of Commercial Act concerning Modification of Articles of Association)

If the reorganization program provides pursuant to Article 219 that the articles of association of the company may be modified, the articles of association shall be modified pursuant to the provisions of the program, upon the decision for the approval of the program.

Article 252 (Special Case of Provision of Commercial Act concerning Change of Director, etc.)

(1) When the appointment of directors or auditors, or the election of the representative director is provided pursuant to Article 220, they shall be considered to be appointed or elected when the decision for the approval of the program is made.

(2) If the program provides, pursuant to Article 220, the method for the appointment of directors or auditors, or the election of the representative director, the appointment or election of such persons shall be made by such method prescribed in the program. In this case, the provisions of Articles 382 (1), 389 (1) and 409 (1) shall not apply.

(3) Any director, representative director or auditor whose retainment in office is not provided for by the program, shall be considered to have been dismissed when the decision is made for the approval of the program.

(4) The term of office of the director, representative director or auditor who is appointed or elected pursuant to paragraph (1) and (2), or who remains in office pursuant to the provisions of the program, and the method of representation of the representative director, shall be subject to the provisions of the program.

Article 253 (Special Case of Provisions of Commercial Act, etc. concerning Reduction of Capital)

(1) If the reorganization program provides for a reduction of capital pursuant to Article 221, the capital may be reduced pursuant to the provisions of the program.

(2) In the case referred to in the preceding paragraph, the provisions of Articles 343 (2), 439 (2) and (3), 445 and 446 of the Commercial Act shall not apply, and any case prescribed under the proviso of Article 443 (1) of the said Act shall be under the exclusive jurisdiction of the court of reorganization.

(3) In the case referred to in the paragraph (1), a written application for registration of modification due to a reduction of the capital of a company shall be accompanied by a certified copy or abstract of the written decision for the approval of the program.

Article 254 (Special Case of Provisions of Commercial Act, etc. concerning Issue of New Stocks)

(1) If the reorganization program provides, pursuant to Article 222 (1), that the company determines to issue new stocks without requiring the reorganization creditors, security holders, or stockholders to make new payment or investment in kind, these right holders shall become stockholders when the decision for the approval of the program is made or at the time prescribed by the reorganization program. of association concerning the preemptive rights.

(2) In cases referred to in Paragraph (1), they shall not be bound by the provisions of the articles of association concerning the preemptive rights.

(3) The provisions of Articles 440 through 444 of the Commercial Act shall apply mutatis mutandis to cases where any fraction of the stocks is to be allotted to the stockholders. In this

situation, cases as prescribed in the proviso of Article 443 (1) of the said Act shall be under the jurisdiction of the court of reorganization, and the provision of Article 83 of the Non-Contentious Case Litigation Procedure Act shall apply *mutatis mutandis*.

Article 255 (Idem)

(1) If the reorganization program provides, pursuant to Article 222 (2) or (3), that the company should issue new stocks, new stocks may be issued pursuant to the program.

(2) In the case referred to in the preceding paragraph, the provisions of Articles 418, 422, 424, 428 and 429 through 432 of the Commercial Act shall not apply.

(3) In cases as referred to in Paragraph (1), they shall not be bound by the provisions of the articles of association concerning preemptive rights, and the case as prescribed in Article 306 of the Commercial Act which applies *mutatis mutandis* under Article 425 (1) of the said Act, shall be under the jurisdiction of the court of reorganization.

(4) In cases as referred to in Paragraph (1), the provisions of Article 419 of the Commercial Act shall apply *mutatis mutandis*. In this case, the term "stock certificate" in Paragraph (2) of the said Article shall be read as the term "stock certificate or debenture".

(5) If new stocks are issued by requiring the reorganization creditors, security holders or stockholders to make a new payment or contribution in kind, it shall be sufficient that the rights holders pay the amount or make such contribution in kind as prescribed by the program.

(6) The provisions of the three preceding paragraphs shall apply *mutatis mutandis* to cases where any fraction of the stocks is to be allotted by requiring the stockholders to make a new payment or contribution in kind; provided, that in this case, the amount equivalent to the amount to be paid in or the contribution in kind to be performed for the fractional stocks, shall be deducted from the price to be delivered to the previous stockholders.

(7) In cases as referred to in Paragraph (1), the written commission or application for registration of modifications resulting from the issue of new stocks by the company, shall be accompanied by documents evidencing the subscription for and acceptance of the stocks, together with certificates concerning the deposit of payments, in addition to the certified copy or abstract of the decision for the approval of the program.

Article 256 (Special Case of Provisions of Commercial Act, etc concerning Issue of Debentures)

(1) If the reorganization program provides pursuant to Article 223 that the company should issue debentures without requiring the reorganization creditors, security holders, or stockholders to make a new payment, these rights holders shall become debenture holders upon the decision for the approval of the program.

(2) In the case as referred to in the preceding paragraph, the provision of Article 471 of the Commercial Act shall not be applicable.

(3) In cases as referred to in paragraph (1), the amount of debentures to be issued to the reorganization creditors or security holders pursuant to the provisions of the program, shall not be included in the total amount of the debentures, in respect of the application of Article 470 of the Commercial Act.

(4) and (5) Deleted.

Article 257 (Idem)

(1) Except as provided by the preceding Article, if the reorganization program provides, pursuant to Article 223, that the company should issue the debentures, the debentures may be issued pursuant to the provisions of the program.

(2) If the debentures are issued by requiring the reorganization creditors, security holders or stockholders to make a new payment, it shall be sufficient that these rights holders pay the amount as determined by the program.

(3) The provisions of Articles 255 (4) and 256 (2) and (3) shall apply mutatis mutandis to the cases referred to in Paragraph (1).

(4) In cases as referred to in Paragraph (1), the written commission or application for registration of convertible bonds or debentures cum preemptive rights on new stocks shall be accompanied by documents evidencing the subscription for and acceptance of such debentures together with documents evidencing the payment for them, in addition to a certified copy or abstract of the decision for the approval of the program.

(5) Deleted.

Article 258 (Special Case of Provisions of Commercial Act, etc. concerning Merger)

(1) If the reorganization program provides, pursuant to Article 224 or 225, that the company should merge with another one, the company may be merged pursuant to the program.

(2) In cases as referred to in the preceding paragraph, the reorganization creditor or security holder who is allotted the stocks of the company which continues to exist after merger, or the stocks of the new company established by the merger, shall be the underwriter of the stocks when the decision is made for the approval of the program, and shall be stockholder when the merger becomes effective.

(3) In cases as referred to in Paragraph (1), the provisions of Articles 522-2 and 529 of the Commercial Act shall not apply, and the cases as prescribed in the proviso of Article 443 (1) of the said Act which applies mutatis mutandis under Article 530 (3) of the said Act, shall be under the jurisdiction of the court of reorganization.

(4) Notwithstanding the provision of Article 530 (2) of the Commercial Act, in cases as referred to in Paragraph (1), the provisions of Articles 232, 237 through 240, and 439 (3) of the said Act shall not apply mutatis mutandis.

(5) The provisions of Paragraphs (1) through (4) shall not affect the application of the Commercial Act to the company which is the other party of the merger.

(6) The provisions of Article 256 shall apply mutatis mutandis to cases where debentures are allotted to the stockholders pursuant to subparagraph 5 of Article 224 or subparagraph 7 of Article 225. In this case, the stockholders shall be debenture-holders when the merger becomes effective.

(7) In cases as referred to in Paragraph (1), the written commission or application for registration of the dissolution of the company or modifications resulting from the merger, shall be accompanied by the merger contract documents in addition to a certified copy or abstract of the written decision for the approval of the program.

(8) In cases as referred to in Paragraph (1), the written commission or application for registration of new establishment resulting from the merger, shall be accompanied by the contract documents of the merger, the articles of association, the minutes of the inaugural general meeting, the minutes of the board of directors concerning the representative director, and documents attesting the qualifications of the establishment committee appointed by another company in addition to a certified copy or abstract of the written decision for the approval of the program.

Article 259 (Special Case of Provisions of Commercial Act, etc. concerning Establishment of New Company)

(1) If the reorganization program provides, pursuant to Article 226, that the new company should be established by requiring the reorganization creditors, security holders or stockholders not to make a new payment or contribution in kind, but to underwrite the stocks, the new company shall be established when the registration of the establishment is made after the articles of association have been prepared and the authentication of the court of reorganization has been received.

(2) In cases as referred to in the preceding paragraph, the company property to be transferred to the new company pursuant to the provisions of the program, shall be transferred to the new company when the new company is established, and the reorganization creditors, security holders or stockholders who are allotted the stocks or debentures of the new company, shall become stockholders or debenture holders.

(3) The provisions of Articles 252 (1), (2) and (4), 254 (3), 256 (3) and 257 shall apply mutatis mutandis to cases as referred to in two preceding paragraphs.

(4) In cases as referred to in Paragraph (1) , the written commission for the registration of the establishment of the new company shall be accompanied by documents concerning the appointment of the director or auditor or the election of the representative director if the articles of association or the program provides a method for such appointment or election, and if there is a transfer agent, documents attesting this fact, in addition to a certified copy or abstract of the written decision for the approval of the program.

Article 260 (Idem)

(1) Except as prescribed in the preceding Article, if the reorganization program provides, pursuant to Article 226, that a new company should be established by means other than a merger, the new company may be established pursuant to the provisions of the program.

(2) In cases as referred to in the preceding paragraph, the provisions of Articles 288, 291 through 293, 295 (1), 296, 299, 300, 302 (2) 4, 310, 312, 313 (2), 314, 315, 321 through 324, 327 and 328 shall not apply.

(3) In cases as referred to in Paragraph (1), the articles of association shall be authenticated by the court of reorganization, cases prescribed under Article 306 of the Commercial Act shall be subject to the jurisdiction of the court of reorganization, the inaugural general meeting shall not modify the articles of association contrary to the object of the program, and the responsibility of the promoters as prescribed in Article 326 of the said Act shall be borne by the company.

(4) In cases as referred to in Paragraph (1), if the reorganization creditors, security holders or stockholders may underwrite the stocks without making any new payment or contribution in kind, or may underwrite the debentures without making any new payment, these rights holders shall become stockholders or debenture holders when the new company is established.

(5) In cases as referred to in Paragraph (1), if the reorganization creditors, security holders, or stockholders are required to underwrite the stocks with any new payment or contribution in kind, any stocks among those to be issued to them, which are not underwritten, may be deducted from the total number of stocks issued at the time the new company is established, without calling for new stockholders, unless it is contrary to the provisions of Article 289 (2) of the Commercial Act.

(6) The provisions of Articles 252 (1), (2) and (4), 254 (3), 255 (4) through (6), 256 (3) and 257 shall apply mutatis mutandis to the cases referred to in Paragraphs (1) through (5) .

(7) In cases as referred to in paragraph (1) , the written commission for registration of the establishment of the new company shall be accompanied by documents attesting the subscription for and acceptance of stocks, the report of the investigation by the directors and auditors and its annexed documents, the minutes of the inaugural general meeting, and certificates of banking or other financial institutions in which the payments are deposited relating to the deposit of payments, in addition to the documents as prescribed in Paragraph (4) of the preceding Article.

Article 261 (Special Case of Provisions of Commercial Act, etc. concerning Dissolution)

(1) If the reorganization program provides pursuant to Article 227, that the company should be dissolved by means other than a merger, the company shall be dissolved at the time as prescribed in the program.

(2) In cases as referred to in the preceding paragraph, the application for registration of dissolution shall be accompanied by the certified copy or abstract of the written decision for the approval of the program.

Article 262 (Forfeiture of Rights of New Stockholders, etc.)

(1) When the reorganization creditors, security holders, or stockholders become new stockholders or new debenture holders of the company or new company pursuant to Articles 254 (1), 256 (1), 258 (2) and (6), 259 (2) or 260 (4), the company or new company shall, except in cases where the stock certificates are presented pursuant to Article 254 (3) (including cases applicable mutatis mutandis under Articles 259 (3) and 260 (6)) or 530 (3) of the Commercial Act, issue a public notice without delay to the effect that such persons should request the delivery of the stock certificates or debentures, and that if they fail to request it within three years from the time of becoming stockholders or debenture holders, their rights will be forfeited, and shall notify individually the rights holder known.

(2) In making the request referred to in the preceding paragraph, the person who was a stockholder or debenture holder, shall present the previous stock certificates or debentures to the company or new company.

(3) The previous stock certificates or debentures may be invalidated in accordance with a public summons procedure. In this case, the provisions of the preceding paragraph shall not apply to a person who has obtained a judgment of exclusion.

(4) If the company or new company issues the public notice as referred to in Paragraph (1) , but no request for delivery of the stock certificates or debentures is made within the period prescribed by the said Paragraph, the stockholders or debenture holders referred to in the said Paragraph shall forfeit their rights.

(5) Notwithstanding the provisions of Article 341 of the Commercial Act, if any stockholder forfeits his right in accordance with the preceding paragraph, the company or new company may acquire such stocks. In this case, the company or new company shall dispose of such stocks at a suitable time.

Article 263 (Idem)

In cases where a person who was a stockholder or debenture holder, is unable to present the previous stock certificates or debentures within the period prescribed in Paragraph (1) of the preceding Article, if he makes the request within the said period and no other person makes such request, the company or new company may deliver the stock certificates or debentures to the requesting person notwithstanding the provisions of the said Article.

Article 264 (Transfer of Right to Subscription for Stocks, etc.)

If a reorganization creditor, security holder or stockholder has the right to take over the stocks or debentures of the company or new company pursuant to the provisions of the reorganization program, he may transfer this right to another person.

Article 265 (Exclusion from Application of Securities and Exchange Act)

In the cases where a reorganization company or new company issues stocks or debentures, the provision of Article 8 of the Securities and Exchange Act shall not apply. [This Article Wholly Amended by Act No. 5517, Feb. 24, 1998]

Article 266 (Special Case of Restriction on Dispositions regarding Foundation)

If any company property is disposed of pursuant to the provisions of the reorganization program, the provisions of other Acts and subordinate statutes concerning restrictions on the disposal of any factory foundation or other foundation, or the property belonging to a foundation shall not apply .

Article 267 (Approval of Rights by Permission, Authorization, etc.)

If the reorganization program provides that the rights and obligations of the company arising from grants of permission, authorization, license or other dispositions made by the administrative agency, should be transferred to the new company, the new company shall succeed to those rights and obligations regardless of the provisions of other Acts and subordinate statutes.

Article 268 (Succession to Liability for Tax)

If the reorganization program provides that the new company should succeed to the company's liability for taxes, the new company shall be liable for the payment of such taxes, and the liability of the company for the taxes shall be extinguished.

Article 269 (Retirement Allowance)

(1) Any person who was a director, representative director, auditor or employee of the company, and who continues to be a director, representative director, auditor or employee of the new company after the commencement of reorganization proceedings, may not receive the payment of a retirement allowance on grounds of retirement from the company.

(2) The period of service in the company of a person referred to in the preceding paragraph, after the commencement of reorganization proceedings shall, in calculation of his retirement allowance, be considered as a period of service in the new company.

Article 270 (Modification of Reorganization Program)

(1) If the need for modification of matters prescribed by the program arises due to unavoidable circumstances after the decision for the approval of the reorganization program, the court may modify the program upon the application of the receiver, company or reported reorganization creditor, security holder or stockholder, only prior to the completion of reorganization proceedings.

(2) If an application for the modification of the program which is deemed to have any unfavourable effect on the reorganization creditors, security holders or stockholders, is made pursuant to the preceding paragraph, the provisions concerning the proceedings to be taken in cases where a proposed reorganization program is presented, shall apply mutatis mutandis; provided, that a rights holder who is not unfavourably affected by modifications to the program, shall not be required to participate in the procedure, and persons who have given consent to the previous program, and who fail to attend the meeting of interested persons for the making of a resolution concerning the modified program, shall be considered as having given consent to the modified program.

(3) The provisions of Articles 236 and 237 shall apply mutatis mutandis to cases where decisions are made for the modification of the program.

Article 271 (Completion of Reorganization Proceedings)

(1) When the reorganization program has been executed, or its executions deemed certain, the court shall, ex officio or upon the application of the receiver, decide to conclude the reorganization proceedings, and issue an official notice regarding the text and summary of the reasons; provided, that no service shall be required.

(2) The provisions of Article 35 (1) shall apply mutatis mutandis to cases where the decision referred to in the preceding paragraph is made.

Article 271-2 (Prohibition of Participation of Director. etc. in Management)

Any person who fails to be appointed as a director, representative director or auditor pursuant to the proviso of Article 220 (2), may not be appointed as a director, representative director, or auditor of the company even after the making of a decision for the completion of reorganization proceedings. [This Article Newly Inserted by Act No. 3380, Mar. 5, 1981]

CHAPTER IX ABOLITION OF REORGANIZATION PROCEEDINGS

Article 272 (Abolition Prior to Approval of Reorganization Program)

(1) The court shall decide ex officio to abolish the reorganization proceedings in the following cases:

30. Where no reorganization program proposal is presented within the period prescribed by the court or within a postponed period, or where all the programs presented within such period are unsuitable to refer to an examination or resolution of the meeting of interested persons;
31. Where the program is rejected, or is not adopted within two months from the first fixed date of the meeting of interested persons for resolution, or within a postponed period; and
32. Where the reorganization program proposal is not adopted within the period prescribed by the provision of Article 207 (3).

(2) If it is obvious that there is no likelihood of reorganization, the court shall decide to abolish the reorganization proceedings ex officio or upon the application of the receiver, even prior to a decision for the approval of the reorganization program.

Article 273 (Abolition by Request)

(1) If it becomes obvious that the company can perform in full all of the obligations to reorganization creditors and security holders who made reports within the report period, the court shall decide to abolish the reorganization proceedings upon the application of the receiver, company or reported reorganization creditors or security holders.

(2) The applicant shall give a clear explanation of the facts giving rise to the abolition of the reorganization proceedings referred to in the preceding paragraph.

Article 274 (Idem.)

The court shall, upon application under the preceding Article, notify the company, the administrative committee, the council of creditors, and reported reorganization creditors and security holders and require them to present their opinions, if any, to the court, and shall hold the documents concerning the application in order to allow inspection by interested persons.

Article 275 (Idem.)

The court shall not make a decision to abolish the reorganization proceedings unless and until one or more months have elapsed since the sending of notification under the preceding Article.

Article 276 (Abolition after Approval of Reorganization)

If it becomes obvious, after the decision to approve the reorganization program, that there is no likelihood of execution of the program, the court shall decide to abolish the reorganization program upon the application of the receiver, reported reorganization creditors or security holders or ex officio.

Article 277 (Idem)

(1) The court may, prior to the making of the decision prescribed in Article 276, hear the opinions of the administrative committee, the council of creditors and interested persons on a fixed date. Where a date is not fixed, the court shall set a time limit and give the opportunity to present their opinions.

(2) The decision regarding the fixed date and time limit as referred to in Paragraph (1) shall be notified publicly, and served on those persons, as amongst those with rights recognized in accordance with the provisions of the reorganization program on the basis of finalized reorganization claims or securities, who are known.

Article 278 (Idem)

The abolition of the reorganization proceedings under Article 276, shall not affect the execution of the reorganization program and the effect created under this Act.

Article 279 (Public Notice of Decision on Abolition)

When the court has made a decision to abolish the reorganization proceedings, it shall issue public notice regarding the text and a summary of reasons thereof; provided, that service shall not be required.

Article 280 (Appeal)

(1) The provisions of Article 237 (1) and (2) shall apply mutatis mutandis to an appeal against the decision to abolish reorganization proceedings and the appeal as prescribed in Article 420 of the Civil Procedure Act which is applied mutatis mutandis under Article 8.

(2) The provisions of Article 35 (1) shall apply mutatis mutandis to cases where the decision to abolish reorganization proceedings becomes final.

Article 281 (Satisfaction of Common Benefit Claim)

If a decision to abolish the reorganization proceedings becomes final, the receiver shall satisfy the common benefit claim, and make a deposit in respect of claims subject to objection, in the interests of the creditors thereof, except in cases where bankruptcy has been declared, or an application for composition has been approved in accordance with Article 23 (1) or 27.

Article 282 (Effect of Entry in Tables of Reorganization Creditors, etc.)

(1) When a decision to abolish the reorganization proceedings pursuant to Article 272 or 273 becomes final, the entry of finalized reorganization claims or securities in the tables of reorganization creditors or security holders shall have the same effect as a final and conclusive judgment in respect of the company, unless the company raises an objection to this right at the fixed date of the investigation into such reorganization claims or security interests.

(2) The reorganization creditors or security holders may carry out compulsory execution in accordance with the tables of reorganization creditors or security holders against the company, after the completion of reorganization proceedings.

(3) The provision of Article 245 (3) shall apply mutatis mutandis to cases as prescribed in the preceding paragraph.

Article 283 (Idem)

The provisions of Article 245 (2) and (3) shall apply mutatis mutandis to cases where the decision to abolish the reorganization proceedings in accordance with Article 276 becomes final.

CHAPTER X REMUNERATION AND COMPENSATION**Article 284 (Remuneration, etc. of Receiver, etc.)**

(1) A member of the investigative committee, preservative receiver, receiver and a member of the administrative committee who discharges the duties may receive advances of the expenses and such remuneration as determined by the court. This provision shall also apply in respect of the legal adviser and acting receiver.

(2) The amount of the remuneration referred to in the preceding paragraph shall correspond to the duties and responsibility concerned.

Article 285 (Idem)

If a person prescribed in the preceding Article has, after becoming so qualified, received or transferred claims or stocks in respect of the company or new company, without the permission of the court, he shall not receive the expenses and remuneration.

Article 286 (Compensation, etc. of Deputy Committee)

If any reorganization creditor, security holder, stockholder, or representative committee member, or his representative has rendered distinguished service to the reorganization, the court may permit the redemption of expenses or pay compensation to him in relation thereto from the company property, within the appropriate limits. The amount thereof shall be determined by the court.

Article 287 (Idem)

If a reorganization creditor, security holder, or stockholder gains a benefit from the receipt or transfer of claims or stocks in respect of the company or new company, after the commencement of reorganization proceedings, the court shall take this fact into consideration in granting the permission referred to in the preceding Article. This provision shall also apply in cases where the deputy committee or representative has received or transferred any claim or stocks in relation to the company or new company, and obtained a benefit therefrom, after becoming qualified.

Article 288 (Appeal)

An immediate appeal may be made against a decision as prescribed in Articles 284 and 286.

CHAPTER XI PENAL PROVISIONS**Article 289 (Crime of Fraudulent Reorganization)**

In cases where a director or equivalent person, or manager of a company commits any of the following acts with the intention of obtaining a decision for the commencement of reorganization proceedings, if the decision to commence reorganization proceedings is made in respect of the company, such person shall be punished by imprisonment for not more than ten (10) years, or a fine not exceeding one hundred million (100,000,000) won:

33. Acts damaging, destroying or concealing any property of the company, or disposing of the property in a manner unfavourable to the creditors, security holders or stockholders;
34. Acts of falsely increasing the burdens of the company;
35. Acts of failing to prepare the commercial books to be prepared pursuant to the provisions of the relevant law, failing to enter sufficiently matters necessary for understanding of the current situation of the property, or making an unlawful entry, or damaging, destroying or concealing such books; or
36. Acts of causing to apply for the commencement of reorganization proceedings in respect of the company with the intention of evading punishment under the Illegal Check Control Act. [This Article Wholly Amended by Act No. 3380. Mar. 5, 1981]

Article 290 (Crime of Fraudulent Reorganization by Third Person)

Any person other than those prescribed in Article 289, who commits an act prescribed in the said Article, or who exercises a false right as a reorganization creditor, security holder or

stockholder with the intention of benefiting himself or another person, shall be punished by imprisonment for not more than ten (10) years, or a fine not exceeding one hundred million (100, 000, 000) won, if the decision for the commencement of reorganization proceedings becomes final in respect of the company.

Article 291 (Crime of Acceptance of Bribe)

(1) If a member of the administrative committee, investigative committee member, preservative receiver, receiver, legal adviser, or acting receiver and acting preservative receiver, receives, demands or promises any property-related benefit in connection with his duties, he shall be punished by imprisonment of not more than five (5) years, or a fine not exceeding fifty million (50,000,000) won. This provision shall also apply to cases where a reorganization creditor, security holder, stockholder, deputy committee or his representative, officer or employee, receives, demands or promises any property-related benefit in connection with a resolution of meeting of interested persons.

(2) In cases where the receiver, preservative receiver or investigative committee is a juristic person, if an officer or employee who is engaged in the duties of such position, receives, demands or promises any property-related benefit in connection with such duties, he shall be punished by imprisonment for not more than five (5) years, or a fine not exceeding fifty million (50,000,000) won. This provision shall also apply in cases where the receiver, preservative receiver or investigation committee is a juristic person, if its officer or employee causes the receiver, preservative receiver or investigation committee to receive any property-related benefit, or he demands or promises such offer, in connection with the duties of the receiver, preservative receiver or investigation committee.

(3) The property-related benefit which the offender or the receiver, preservative receiver or investigation committee, which is a juristic person, receives, shall be confiscated. If it is impossible to confiscate the whole or part of such benefit, its value shall be confiscated.

Article 292 (Crime of Bribery)

Any person who promises, offers or indicates his intention of offering any property-related benefit as prescribed in Article 291 (1) or (2), shall be punished by imprisonment of not more than five (5) years, or a fine not exceeding fifty million (50,000,000) won.

Article 292-2 (Crime of Violation of Prohibition against Participation in Management)

Any person who violates the provisions of Article 271-2, shall be punished by imprisonment for not more than three (3) years, or a fine not exceeding thirty million (30,000,000) won. [This Article Newly Inserted by Act No. 3380, Apr. 5. 1981]

Article 292-3 (Crime of Lack of Permission, etc.)

(1) If any act requiring the permission of the court is done without the permission of the court by a receiver or preservative receiver, he shall be punished by imprisonment for not more than three

(2) years or a fine not exceeding thirty million (30,000,000) won.

(3) If a receiver or preservative receiver makes a false report to the court or fails to make a report regarding accounts as prescribed in Article 99 without delay after retiring, he shall be

punished by imprisonment for not more than one year or a fine not exceeding ten million (10,000,000) won. [This Article Newly Inserted by Act No. 5182, Dec. 12. 1996]

Article 293 (Crime of Refusal to Report and Inspection)

If a person who is mandated under Article 30 (3), a person as prescribed in Article 41 (1) (including the cases where it applies mutatis mutandis under Article 101), or a person who has received a request under Article 173-4 (3) refuses, evades or disturbs the presentation, report examination or inspection of the data such as the book without justifiable reasons, or has made a false presentation or report, he shall be punished by imprisonment for not more than one (1) year, or a fine not exceeding ten million (10,000,000) won. [This Article Wholly Amended by Act No. 5517, Feb. 24, 1998]

Article 294 (Case of Punishment of Negligence by Fine)

(1) If a director or equivalent person, or manager of a company or new company in respect of which reorganization proceedings have commenced, commits the following act, he shall be punished by a fine for negligence not exceeding five million (5,000,000) won:

- 23. Violation of an order issued by the court pursuant to Article 248 (1) or (2); and
- 24. Neglect of public notice or notification to be made pursuant to Article 262 (1), or neglect of the disposal of the stocks in contravention of the provisions of Paragraph (5) of the said Article.

(2) The provisions of Paragraph (1) shall also apply to cases where a reorganization creditor, security holder, stockholder, or a person who bears any obligation or offers any security for the reorganization, commits an act referred to in subparagraph 1 of the preceding Paragraph.

ADDENDUM

This Act shall enter into force on January 1, 1963.

ADDENDA

(1) (Enforcement Date) This Act shall enter into force on April 1, 1981.

(2) (Transitional Measures) Any reorganization cases pending in a branch court of the district court at the time that this Act enters into force, shall be transferred to the collegiate department of the district court with relevant jurisdiction, within twenty (20) days after the enforcement of date of this Act; provided, that this shall not apply to reorganization cases in respect of which the decision to commence reorganization proceedings has been made, or in respect of which preservative measures have been taken, at the time this Act enters into force.

(3) (Transitional Measures) The provisions of subparagraph 8, 10, and 12 of Article 208 shall not apply to a reorganization claim which becomes final at the time this Act enters into force.

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on September 1, 1984.

Articles 2 through 25 Omitted.

ADDENDA

Article 1 (Enforcement Date) This Act shall enter into force on January 1, 1994.

Articles 2 through 10 Omitted.

ADDENDA

(1) (Enforcement Date) This Act shall enter into force on January 1, 1997.

(2) (Transitional Measures) This Act shall apply to matters which have taken place prior to the entry into force of this Act; provided, that the effect given by the previous provisions shall not be affected.

ADDENDA

(1) (Enforcement Date) This Act shall enter into force on April 1, 1998.

(2) (Transitional Measures regarding Disposition, etc.) Approval or other acts made by the administrative agency under the previous provisions at the time this Act enters into force, various reports, or other acts performed regarding the administrative agency shall be deemed as the act of the administrative agency, etc. under this Act or the act performed regarding the administrative agency.

ADDENDA

Article 1 (Enforcement Date) This Act shall enter into force on the day of its promulgation.

Article 2 (Transitional Measures)

(1) This Act shall apply to matters which arose prior to the enforcement of this Act except for the cases under special provisions herein; provided, that the effect given by the previous provisions shall not be affected.

(2) The computation of the period regarding the cases which are pending at the time this Act enters into force under the amended provisions of Article 37 (3), 39 (2), 45-2, 46 1, 189 (4), 189 (5), and 207(3) shall be commenced from the date arrived later among the enforcement date of this Act or the computation date under applicable regulations.

(3) Regarding the company whose reorganization proceedings have commenced at the time this Act enters into force, the council of creditors under the amended provision of Article 173-2 may not be organized.

(4) Regarding the reorganization programs presented before this Act enters into force, the previous provisions shall apply.

(5) Amended regulations of Article 221 (3) and (4) shall apply only to the company whose reorganization proceedings has been commenced after this Act enters into force.

(6) Regarding the application of the penal provisions against the acts performed before this Act enters into force, the previous provisions shall apply.