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The present Federal Law shall enter into force upon the expiry of thirty days after its formal publication (Garant 185181), except for Item 3 of Article 231 of which the provisions shall enter into force as of the date of formal publication of the present Federal Law, and Paragraph 6 of Chapter IX 85181.9600 enter into force as of January 1, 2005. The provision of Paragraph 11 of Item 4 of Article 29 85181.29411 force upon the expiry of three months after the entry into force of the present Federal Law.

END COMMENTARY

BEGIN COMMENTARY:

On Some Questions of the Practical Application of this Federal Law, see:

Decision (Garant 12038456) of the Plenary Session of the Higher Arbitration Court of the Russian Federation No. 29 of December 15, 2004,

Informational Letter (Garant 12047149) of the Presidium of the Higher Arbitration Court of the Russian Federation No. 108 of May 4, 2006

Resolution (Garant 12048535) of the Plenary Session of the Higher Arbitration Court of the Russian Federation No. 25 of June 22, 2006

END COMMENTARY

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Chapter I. General Provisions

Article 1. The Relations Governed by the Present Federal Law

1. Pursuant to the Civil Code (Garant 10064072) 10064072.2505 of the Russian Federation, the present Federal Law establishes grounds for declaring a debtor insolvent (bankrupt), regulates the procedure and terms for implementing insolvency (bankruptcy) prevention measures and other relations occurring when a debtor is not capable of meeting creditors’ claims in full.

2. The effect of the present Federal Law shall extend to all legal persons, except for state enterprises, institutions, political parties and religious organisations.

3. The relations connected with the insolvency (bankruptcy) of citizens, in particular individual entrepreneurs, shall be governed by the present Federal Law. The norms governing the insolvency (bankruptcy) of citizens, in particular individual entrepreneurs, which are contained in other federal laws shall be applicable only after appropriate amendments are made to the present Federal Law.

4. If an international treaty of the Russian Federation has established rules different from those envisaged by the present Federal Law, the rules of the international treaty of the Russian Federation shall apply.

5. The relations which are governed by the present Federal Law and involve foreign persons as creditors shall be subject to the provisions of the present Federal Law except as otherwise is envisaged by an international treaty of the Russian Federation.
6. The decisions of foreign states' courts on insolvency (bankruptcy) cases shall be recognised on the territory of
the Russian Federation in compliance with the international treaties of the Russian Federation.

In case of lack of international treaties of the Russian Federation the decisions of foreign states' courts on
insolvency (bankruptcy) cases shall be recognised on the territory of the Russian Federation on the basis of reciprocity,
except as otherwise envisaged by a federal law.

Article 2. The Basic Terms Used for the Purposes of the Present Federal Law

The following basic terms are used for the purposes of the present Federal Law:

"insolvency (bankruptcy)" means the inability of a debtor to meet in full the claims of creditors in relation to
monetary obligations and/or to execute the duty of making mandatory payments, such inability having been recognised
by a court of arbitration (hereinafter referred to as "bankruptcy");

"debtor" means a citizen, in particular an individual entrepreneur or a legal person, that became incapable of
meeting the claims of creditors in relation to monetary obligations and/or to execute the duty of making mandatory
payments within a term set by the present Federal Law;

"monetary obligation" means the duty of a debtor to pay a specific amount of money to a creditor under a
transaction of civil legal nature and/or on another ground envisaged by the Civil Code (Garant 10064072) of the
Russian Federation;

"mandatory payments" means taxes, fees and other mandatory contributions to the budget of a specific level and
state non-budget funds in the manner and on the terms determined by the legislation of the Russian Federation;

"the head of a debtor" means the sole executive body of a legal person or the head of a collective executive body
and also another person exercising activity under a federal law in the name of a legal person without powers of attorney;

"creditors" means the persons having a right of claim in respect of a debtor in relation to monetary obligations and
other obligations, mandatory payments, severance benefits and remuneration for the labour of persons working under a
labour contract;

"bankruptcy creditors" means creditors of monetary obligations, except for the authorised bodies, and the citizens
to which a debtor is liable for harm to life or health, moral harm or owes royalties under copyright contracts and also
promoters (stakeholders) of the debtor in as much as the liabilities ensuing such a participation are concerned;

authorised bodies means the federal executive governmental bodies authorised by the Government of the Russian
Federation (Garant 87066) to present in a bankruptcy case and in bankruptcy proceedings claims for mandatory
payments and the claims of the Russian Federation relating to monetary obligations and also the executive
governmental bodies of Russian regions, the local government bodies authorised to present in a bankruptcy case and in
bankruptcy proceedings claims relating to the monetary obligations of Russian regions and municipal entities
respectively;

"prejudicial rehabilitation" means measures for restoring the solvency of a debtor which are undertaken by the
owner of property of the debtor being a unitary enterprise, the promoters (stakeholders) of the debtor, the creditors of
the debtor and other persons, and which are aimed at preventing bankruptcy;

"receivership" means a bankruptcy proceeding applied to a debtor with a view to preserving the debtor's property,
analysing the financial state of the debtor, drawing up a register of creditors' claims and holding the first meeting of
creditors;

"financial rehabilitation" means a bankruptcy proceeding applied to a debtor with a view to restoring the debtor's
solvency and having the debt repaid under a debt repayment schedule;

"external administration" means a bankruptcy proceeding applied to a debtor with a view to restoring the debtor's solvency;

"winding-up" means a bankruptcy proceeding applied to a debtor deemed bankrupt and aimed at meeting creditors' claims on a pro rata basis;

"voluntary arrangement" means a bankruptcy proceeding applied at any stage of examination of a bankruptcy case for the purpose of terminating proceedings in the bankruptcy case by means of arranging an agreement between the debtor and the creditors;

"a representative of the promoters (stakeholders) of a debtor" means the chairman of the board of directors (supervisory board) or another similar collective managerial body of a debtor, or a person elected by the board of directors (supervisory board) or another similar collective managerial body of a debtor, or a person elected by the promoters (stakeholders) of a debtor to represent their legal interests in bankruptcy proceedings;

"a representative of the owner of property of a debtor being a unitary enterprise" means a person authorised by the owner of property of a debtor being a unitary enterprise to represent the owner's legal interests in bankruptcy proceedings;

"a representative of a creditors' committee" means a person authorised by a creditors' committee to take part in arbitration proceedings in a case of bankruptcy of a debtor in the name of the creditors' committee;

"a representative of a meeting of creditors" means the person authorised by a meeting of creditors to take part in arbitration proceedings in a case of bankruptcy of a debtor in the name of the meeting of creditors;

"arbitration insolvency practitioner (interim receiver, administrative receiver, receiver or administrator)" means a citizen of the Russian Federation who is approved by a court of arbitration to perform bankruptcy proceedings and exercise other powers established by the present Federal Law and who is a member of a self-regulating organisation;

"interim receiver" means an arbitration insolvency practitioner approved by a court of arbitration to carry out receivership under the present Federal Law;

"administrative receiver" means an arbitration insolvency practitioner approved by a court of arbitration to carry out financial rehabilitation under the present Federal Law;

"receiver" means an arbitration insolvency practitioner approved by a court of arbitration to carry out external administration and exercise other powers established by the present Federal Law;

"administrator" means an arbitration insolvency practitioner approved by a court of arbitration to perform winding-up procedure and exercise other powers established by the present Federal Law;

"moratorium" means a suspension of the debtor's performing monetary obligations and making mandatory payments;

"a representative of the debtor's employees" means the person authorised by the employees of a debtor to represent their legal interests in bankruptcy proceedings;

"a self-regulating organisation of arbitration insolvency practitioners" (hereinafter referred also as "self-regulating organisation") means a non-commercial organisation formed on the basis of membership by citizens of the Russian Federation, and included in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners and that has the following goals of activity: regulating and supporting the activities of arbitration
insolvency practitioners;

"the regulation body" means the federal executive governmental body responsible for monitoring the activities of self-regulating organisations of arbitration insolvency practitioners;

BEGIN COMMENTARY:

Decision (Garant 87837) of the Government of the Russian Federation No. 52 of February 3, 2005 laid down that the Federal Registration Service shall be a regulating body that exercises control over the activity of the self-regulating organisations of arbitration managers

END COMMENTARY

Article 3. Evidence of Bankruptcy

1. A citizen shall be deemed incapable of meeting the claims of creditors related to monetary obligations and/or to execute the duty of making mandatory payments if he/she fails to discharge such obligations and/or duties within three months after their due date and if the sum of the obligations exceeds the value of the property he/she owns.

2. A legal person shall be deemed incapable of meeting the claims of creditors related to monetary obligations and/or to execute the duty of making mandatory payments if the person does not discharge the obligations and/or duties within three months after their due date.

3. The provisions of Items 1 and 2 of the present article shall be applicable except as otherwise established by the present Federal Law.

Article 4. The Composition and Amount of Monetary Obligations and Mandatory Payments

1. The composition and amount of monetary obligations and mandatory payments shall be determined as of the date of filing an application with a court of arbitration for declaring a debtor bankrupt, except as otherwise established by the present Federal Law.

The composition and amount of the monetary obligations and mandatory payments that occurred before the acceptance by a court of arbitration of an application for declaring a debtor bankrupt and that were announced after the acceptance of such an application by a court of arbitration and before the making of a decision whereby the debtor is declared bankrupt and winding-up procedure are instituted, shall be determined as of the date of institution of each bankruptcy proceeding following the due date of a specific obligation.

The composition and amount of the monetary obligations and mandatory payments that occurred before the acceptance by a court of arbitration of an application for declaring a debtor bankrupt and that were declared after the arbitration court's decision whereby the debtor was declared bankrupt and winding-up procedure were instituted, shall be determined as of the date of winding-up procedure institution.

The composition of monetary obligations and mandatory payments denominated in a foreign currency shall be determined in roubles at the exchange rate set by the Central Bank of the Russian Federation as of the date of institution of each bankruptcy proceeding following the due date of a specific obligation.

2. The following shall be taken into account to determine the availability of evidence of the bankruptcy of a debtor:

the amount of monetary obligations, in particular the amount of debt for delivered goods, completed works and provided services, loan amounts with account taken of the interest the debtor has to pay, the amount of a debt occurring as the result of profit without ground, and the amount of a debt occurring as the result of damaging the property of
creditors, except for obligations to the citizens to whom the debtor is liable for inflicted harm to life or health, obligation to pay out severance benefits and wages/salaries to persons working under labour contracts, obligation to pay out royalties under copyright contracts and also obligations to the debtor’s promoters (stakeholders) ensuing from such a participation;

...a mandatory payment amount without taking into account fines (penalties) and other financial sanctions established by the legislation of the Russian Federation.

The following, as subject to application for a default on or improper performance of an obligation: forfeit money (fines, penalties), interest for payment deferment, losses subject to compensation for a default on an obligation and also other property and/or financial sanctions, in particular, for a breach of the duty to make mandatory payments, shall not be taken into account in the assessment of availability of evidence of the bankruptcy of a debtor.

3. The amount of monetary obligations or mandatory payments shall be deemed established if it is determined by a court in the manner envisaged by the present Federal Law.

4. In cases when the debtor contests the claims of creditors the amount of monetary obligations or mandatory payments shall be determined by a court of arbitration in the manner envisaged by the present Federal Law.

5. The claims of creditors relating to obligations not being monetary obligations may be presented to a court and they shall be examined by the court, or court of arbitration in the manner set out in the procedural legislation.

Article 5. Current Payments

1. For the purposes of the present Federal Law “current payments” means the monetary obligations and mandatory payments that have occurred after the acceptance of an application for declaring a debtor bankrupt and also monetary obligations and mandatory payments with a due date after the institution of a relevant bankruptcy proceeding.

2. Creditors’ claims for current payments shall not be included in the register of creditors’ claims. Current payment creditors shall not be deemed persons being party to the bankruptcy case when appropriate bankruptcy proceedings are carried out.

3. During external administration the claims of current payment creditors shall be met in the manner established by the present Federal Law.

Article 6. Hearing Bankruptcy Cases

1. Bankruptcy cases shall be heard by a court of arbitration.

2. Except as otherwise envisaged by the present Federal Law, a bankruptcy case may be opened by a court of arbitration if the claims addressed to a debtor being a legal person in their aggregate make up at least 100,000 roubles, and if addressed to a debtor being a citizen - at least 10,000 roubles, and also if the evidence of bankruptcy established by Article 3 of the present Federal Law exists.

3. To open a bankruptcy case on the application of a bankruptcy creditor and also on the application of an authorised body in respect of monetary obligations one shall take account of the claims confirmed by a decision of a court, court of arbitration or umpire that has become final.

Authorised bodies’ claims for mandatory payments shall be taken into account for the purposes of opening a bankruptcy case if they are confirmed by a decision of a tax body or customs body for collection of debtor’s assets to offset the debtor’s debt.

Article 7. Right to File an Application with a Court of Arbitration
1. The debtor, bankruptcy creditor, and authorised bodies have a right to file an application for declaring a debtor bankrupt.

2. The bankruptcy creditor and authorised body in respect of monetary obligations shall begin to have the right to file an application with a court of arbitration upon the expiry of thirty days after the forwarding (delivery for execution) of a writ of execution to the bailiff service and a copy thereof to the debtor.

The authorised body shall begin to have a right to file an application with a court of arbitration in respect of mandatory payments upon the expiry of thirty days after the date of the decision specified in Paragraph 2 of Item 3 of Article 6 of the present Federal Law.

3. A partial satisfaction of the claims of a bankruptcy creditor or an authorised body shall not be deemed a ground for the court of arbitration to refuse accepting an application for declaring a debtor bankrupt if the amount of the claims that have not been met yet is less than the amount determined under Item 2 of Article 6 of the present Federal Law.

Article 8. Right to File a Debtor's Application with a Court of Arbitration

The debtor is entitled to file a debtor's application with a court of arbitration if circumstances exist that provide clear evidence of the debtor's not being capable of performing monetary obligations and/or executing his/her/its duty to make mandatory payments when due.

Article 9. The Debtor's Obligation to File a Debtor's Application with a Court of Arbitration

1. The head of debtor or individual entrepreneur shall file an application of the debtor with a court of arbitration if:

   - the meeting of claims of one creditor or several creditors makes it impossible for the debtor to discharge monetary obligations, to execute the duty of making mandatory payments and/or other payments in full to other creditors;
   - the debtor's body authorised under the debtor's constitutive documents to take the decision to liquidate the debtor has adopted a decision to file a debtor's application with a court of arbitration;
   - the body authorised by the owner of property of the debtor being a unitary enterprise has decided to file a debtor's application with a court of arbitration;
   - a levy of execution is going to significantly aggravate or make impossible the pursuit of the debtor's economic activity;
   - in other cases specified by the present Federal Law.

2. The debtor shall file a debtor's application with a court of arbitration if upon the winding-up of the legal person it was established that creditors' claims could not be met in full.

3. The debtor's application shall be forwarded to the court of arbitration in the cases specified in the present article within one month after the date of emergence of relevant circumstances.

Article 10. The Liability of a Debtor Being a Citizen and of the Managerial Bodies of a Debtor

1. If the head of a debtor or a promoter (stakeholder) of a debtor, the owner of property of a debtor being a unitary enterprise, members of the managerial bodies of a debtor, members of a liquidation commission (a administrator), or a debtor being a citizen is in breach of the provisions of the present Federal Law the said person shall compensate for the losses inflicted as a result of such a breach.

2. The non-filing of a debtor's application with a court of arbitration in the cases and within the term established by
Article 9 of the present Federal Law shall bring about subsidiary liability of the persons in whom under the present Federal Law the duty is vested to take the decision to file a debtor's application with a court of arbitration and to file such application, in respect of the debtor's liabilities that have occurred after the expiration of the term envisaged by Item 3 of Article 9 of the present Federal Law.

3. In case when a debtor's application has been filed by a debtor with a court of arbitration when the debtor was capable of meeting creditors' claims in full, or if the debtor did not take measures for contesting a claimant's claims without ground, the debtor shall be liable to the creditors for the losses incurred due to the opening of the bankruptcy case or due to the recognition of creditors' claims without ground.

4. In the case of bankruptcy of a debtor through the fault of the debtor's promoters (stakeholders), the owner of property of the debtor being a unitary enterprise or other persons, in particular, through the fault of the head of the debtor which are entitled to issue instructions binding on the debtor or can otherwise control its actions the promoters (stakeholders) of the debtor or the other persons may be made subsidiarily liable for the debtor's obligations if the debtor's property is insufficient.

5. In the cases established by a federal law the head of a debtor when the head is a natural person, the members of the managerial bodies of a debtor when they are natural persons and also a debtor being a citizen may be held accountable under criminal or administrative law.

Article 11. The Rights of Creditors and Authorised Bodies

1. The authorised bodies in the manner established by the Government of the Russian Federation, and bankruptcy creditors have a right to file an application for declaring a debtor bankrupt.

BEGIN COMMENTARY:

According to Decision (Garant 87066) of the Government of the Russian Federation No. 257 of May 29, 2004, until transformation into the Federal Tax Service, the Ministry of Taxation of the Russian Federation shall be deemed the empowered body that shall present claims for compulsory payments and claims of the Russian Federation for monetary obligations in cases of bankruptcy and in bankruptcy proceedings

END COMMENTARY

2. The executive governmental bodies and the organisations on which a right to collect mandatory payment arrears has been conferred under Russian law are entitled to attend court hearings dedicated to the examination of grounds for claims in respect of these payments and grounds for including these claims in the register of creditors' claims.

Article 12. The Meeting of Creditors

1. Bankruptcy creditors and authorised bodies shall be participants in a meeting of creditors with a voting right. The meeting of creditors may be attended by the following persons without voting rights: a representative of employees of the debtor, a representative of promoters (stakeholders) of the debtor, and a representative of the owner of property of the debtor being a unitary enterprise, who are entitled to speak on the agenda items of the meeting of creditors.

If a single bankruptcy creditor or authorised body takes part in the bankruptcy case the decisions falling within the scope of powers of the meeting of creditors shall be made by such creditor or authorised body.

The arranging and holding of a meeting of creditors shall be done by the arbitration insolvency practitioner.

BEGIN COMMENTARY:

See the General Rules (Garant 86735) for the preparation, organisation and holding by the arbitration manager of
meetings of creditors and sittings of committees of creditors, endorsed by Decision (Garant 86735) of the Government of the Russian Federation No. 56 of February 6, 2004

END COMMENTARY

2. The following shall be within the exclusive scope of powers of the meeting of creditors:

- the adoption of a decision to institute or change the term of financial rehabilitation or external administration and to file a relevant petition with a court of arbitration;
- the approval and amendment of an external administration plan;
- the approval of a financial rehabilitation plan and a debt repayment schedule;
- the approval of standards applicable to nominees for the positions of administrative receiver, receiver, and administrator;
- the selection of a self-regulating organisation to present nominees to the court of arbitration for the positions of administrative receiver, receiver, and administrator;
- the selection of a registrar from among the members of accredited self-regulating organisations;
- the making of a decision on voluntary arrangement;
- the making of a decision to file a petition with a court of arbitration for declaring the debtor bankrupt and for instituting winding-up procedure;
- the making of a decision to form a creditors' committee, determine the number of members, elect members to the creditors' committee and to terminate the powers of the creditors' committee before due time;
- the inclusion of the following in the scope of powers of the creditors' committee: the making of decisions which under the present Federal Law are adopted by the meeting of creditors or by the creditors' committee, except for the decisions of the creditors' committee, which under the present article are deemed within the exclusive scope of powers of the meeting of creditors;
- the election of a representative of the meeting of creditors.

The issues which under the present Federal Law are within the exclusive scope of powers of the creditors' committee shall not be transferred to other persons or bodies to make decisions on.

3. At the meeting of creditors the bankruptcy creditor or authorised body shall have a number of votes according to the share of the amount of their claim to the sum total of claims relating to monetary obligations and mandatory payments included in the register of creditors' claims as of the date of the meeting of creditors in compliance with the present Federal Law.

Forfeit money (fines, penalties), interest for late payment that can be charged for default on or improper performance of an obligation, losses subject to compensation for a default on an obligation and also other property and/or financial sanctions, in particular, for a default on the duty to make mandatory payments, shall not be taken into account at the meeting of creditors for the purposes of determining the number of votes.

4. The meeting of creditors shall be competent if attended by the bankruptcy creditors and the authorised bodies included in the register of creditors' claims which have more than half of the total number of votes of the bankruptcy creditors and the authorised bodies included in the register of creditors'
claims. A meeting of creditors convened again shall be competent if attended by the bankruptcy creditors and the authorised bodies included in the register of creditors' claims which have more than 30 per cent of the total number of votes of the bankruptcy creditors and the authorised bodies included in the register of creditors' claims, on the condition that the bankruptcy creditors and the authorised bodies have been appropriately notified of the time and place of the meeting of creditors in keeping with the present Federal Law.

5. If no meeting of creditors has been held by an arbitration insolvency practitioner within the term set by Item 3 of Article 14 of the present Federal Law, a meeting of creditors may be held by the persons which demand convocation thereof.

6. By the decision of a meeting of creditors or interim receiver the registrar holding the register of creditors' claims is entitled to exercise the following functions at the meeting of creditors:
   
   verify the powers and register the persons attending the meeting of creditors;
   
   ensure the observance of the established voting procedure;
   
   count votes;
   
   draw up minutes on the results of voting.

7. The minutes of a meeting of creditors shall be drawn up in duplicate, with one copy going to the court of arbitration within five days after the meeting of creditors, except if another term is set by the present Federal Law.

When a meeting of creditors is held in the manner specified in Item 5 of the present article the minutes of the meeting of creditors shall be drawn up in triplicate, with the first copy going to the court of arbitration, the second one to the arbitration insolvency practitioner within five days after the meeting of creditors. The third copy of the minutes of the meeting of creditors shall be kept by the person that held the meeting.

Copies of the following documents shall be attached to the minutes of a meeting of creditors:

a register of creditors' claims as of the date of the meeting of creditors;

ballot papers;

documents confirming the powers of the persons who attended the meeting;

the materials presented to the persons who attended the meeting for information and/or approval;

the documents deemed evidence of appropriate notice having been served to the bankruptcy creditors and the authorised bodies of the date and place of the meeting of creditors;

other documents, designated at the discretion of the arbitration insolvency practitioner or by the decision of the meeting of creditors.

The originals of said documents shall be kept by the arbitration insolvency practitioner or registrar until the completion of the arbitration process on the bankruptcy case, except if another term is set by the present Federal Law, they shall be shown upon the request of the court of arbitration or in other cases established by a federal law.

The arbitration insolvency practitioner shall provide access to copies of the said documents to the persons deemed party to the bankruptcy case and also to a representative of the debtor's employees, a representative of the debtor's promoters (stakeholders), a representative of the owner of property of the debtor being a unitary enterprise.
Article 13. Notification of a Meeting of Creditors

1. For the purposes of the present Federal Law the following shall be deemed an appropriate notification: the forwarding of a notice to a bankruptcy creditor authorised body and also another person entitled under the present Federal Law to attend the meeting of creditors on the holding of a meeting of creditors by post at least 14 days prior to the date of the meeting of creditors or in another way ensuring the receipt of the notice at least five days prior to the date of the meeting of creditors.

2. If the number of bankruptcy creditors and authorised bodies exceed 500 the following shall be deemed appropriate notice: an announcement of a meeting of creditors in the mass media in the manner specified in Article 28 of the present Federal Law.

If the details required for a personal notification of a bankruptcy creditor at his permanent or predominant residence or at the location of a person entitled under the present Federal Law to attend the meeting of creditors cannot be found out or if other circumstances exist making it impossible to so notify the said persons the following shall be deemed an appropriate notice to such persons: the publication of information of a meeting of creditors in the manner set out in Article 28 of the present Federal Law.

3. The announcement of a forthcoming meeting of creditors shall contain the following:

the name and location of the debtor and the debtor's address;
the date, time and place of the meeting of creditors;
the agenda of the meeting of creditors;
the procedure for getting familiarised with the materials to be examined by the meeting of creditors;
the procedure for registering the persons who attend the meeting.

Article 14. The Procedure for Convening a Meeting of Creditors

1. The meeting of creditors shall be convened on the initiative of:

the arbitration insolvency practitioner;
the creditors' committee;
bankruptcy creditors and/or authorised bodies whose rights of claim make up at least ten per cent of the sum total of the creditors' claims relating to monetary obligations and mandatory payments included in the register of creditors' claims;
one third of the total number of bankruptcy creditors and authorised bodies.

2. The demand to hold a meeting of creditors shall contain the issues subject to inclusion in the agenda of the meeting of creditors.

The arbitration insolvency practitioner is not entitled to modify the wording of issues on the agenda of a meeting of creditors convened at the demand of the creditors' committee, bankruptcy creditors and/or authorised bodies.

3. The meeting of creditors shall be held by the arbitration insolvency practitioner at the demand of the creditors' committee, bankruptcy creditors and/or authorised bodies within three days after the date of receipt by the arbitration insolvency practitioner of the demand of the creditors' committee, bankruptcy creditors and/or authorised bodies for the
holding of a meeting of creditors, except if another term is set by the present Federal Law.

4. The meeting of creditors shall be held at the place where the debtor or the debtor's managerial bodies are located, except as otherwise established by the meeting of creditors.

If the meeting of creditors cannot be held at the place where the debtor or the debtor's managerial bodies are located the arbitration insolvency practitioner shall designate a place for the meeting to be held at.

The date, time and place of a meeting of creditors shall not impede the attendance at the meeting of creditors or their representatives and other persons entitled to attend the meeting of creditors in compliance with the present Federal Law.

Article 15. The Procedure for a Meeting of Creditors to Adopt Decisions

1. The decisions of a meeting of creditors on the issues put up for voting shall be adopted by a majority of votes of the bankruptcy creditors and authorised bodies present at the meeting of creditors, except as otherwise envisaged by the present Federal Law.

2. At the meeting of creditors the following decisions shall be adopted by the majority of the total number of votes of bankruptcy creditors and authorised bodies:
   - on the formation of a creditors' committee, the determination of the composition and powers of the creditors' committee, the election of members of the committee;
   - on the termination before due time of the powers of the creditors' committee and the election of a new composition of the creditors' committee;
   - on the institution of financial rehabilitation, a change in the term thereof and the filing of a relevant petition with a court of arbitration;
   - on the endorsement of a debt repayment schedule;
   - on the institution and prolongation of external administration and the filing of a relevant petition with a court of arbitration;
   - on the endorsement of an external administration plan;
   - on the filing of a petition with a court of arbitration for declaring the debtor bankrupt and commencing winding-up procedure;
   - on the selection of a self-regulating organisation from among whose members an arbitration insolvency practitioner is going to be approved by the court of arbitration;
   - on the inclusion of additional issues in the agenda of the meeting of creditors and on the decisions adopted on such issues;
   - on the conclusion of voluntary arrangement in the manner and on the terms established by Item 2 of Article 150 of the present Federal Law.

3. If a meeting of creditors convened in order to adopt the decisions specified in Item 2 of the present article does not have the number of votes of bankruptcy creditors and authorised bodies required for adopting decisions, a new meeting of creditors shall be convened which shall be competent to adopt such decisions if votes are cast for them by the bankruptcy creditors and authorised bodies having a number of votes exceeding 30 per cent of the total number of
votes of bankruptcy creditors and authorised bodies, provided the bankruptcy creditors and authorised bodies have been properly notified of the time and place of the meeting of creditors.

4. If a decision of the meeting of creditors violates the rights and legal interests of the persons being party to the bankruptcy case, the arbitration process on the bankruptcy case, of third persons or if it has been adopted in breach of the limits of competence of the meeting of creditors established by the present Federal Law, such decision may be declared invalid by the court of arbitration examining the bankruptcy case if the persons taking part in the bankruptcy case, in the arbitration process on the bankruptcy case or third persons file an application to this effect.

Within twenty days after the date of the decision, the application for declaring a decision of the meeting of creditors invalid may be filed by a person which has been appropriately notified of the holding of the meeting of creditors which has adopted such a decision.

The application for declaring a decision of the meeting of creditors invalid may be filed by a person which has not been appropriately notified of the holding of the meeting of creditors which has adopted such a decision, within twenty days after the date when such a person learned or should have learned of the decisions adopted by the meeting of creditors.

5. The ruling of an arbitration court that declares invalid a decision of a meeting of creditors or refuses to declare invalid a decision of a meeting of creditors shall be subject to immediate implementation and it shall be subject to appeal in the manner set out in Item 3 of Article 61 of the present Federal Law.

Article 16. The Register of Creditors' Claims

1. The register of creditors' claims shall be kept by the arbitration insolvency practitioner or registrar.

The following persons shall keep a register of creditors' claims in the capacity of a registrar: professional participants in the securities market pursuing the activity of keeping a register of the owners of securities.

The registrar shall pursue its activity in keeping with the general rules of the activity of an arbitration insolvency practitioner concerning the contents of and procedure for keeping a register of creditors' claims, such rules having been approved by the Government of the Russian Federation.

2. The decision to invite a registrar to keep a register of creditors' claims and to select a specific registrar for this purpose shall be made by the meeting of creditors. Until the date of the first meeting of creditors the interim receiver shall be responsible for taking a decision to invite a registrar to keep a register of creditors' claims and to select a specific registrar for this purpose.

The decision of the meeting of creditors to choose a specific registrar shall contain the rate of remuneration payable for the services of the registrar that has been agreed upon with the registrar.

3. Within five days after the date when the meeting of creditors choose a registrar, the arbitration insolvency practitioner shall conclude an appropriate contract with the registrar.

A contract may be concluded with the registrar only if the registrar holds a liability insurance policy against losses to persons being party to a bankruptcy case.

Information on the registrar shall be provided by the arbitration insolvency practitioner to the court of arbitration within five days after the conclusion of the contract.

Payment for the services provided by the registrar shall be effected at the expense of the debtor's funds, except if another source of payment for the registrar's services is designated by the meeting of creditors.
4. The registrar shall compensate for the losses inflicted by a default on or improper performance of the duties envisaged by the present Federal Law.

If responsibility for keeping a register of creditors' claims is vested in a registrar, the arbitration insolvency practitioner shall neither be accountable for the correctness of keeping the register of creditors' claims nor for the committal of other actions (omission) by the registrar causing or capable of causing a loss to the debtor and the debtor's creditors.

5. Creditors' claims in a register of creditors' claims shall be recorded in Russian currency. Foreign-currency denominated creditors' claims shall be recorded in a register of creditors' claims in the manner established by Article 4 of the present Federal Law.

6. The claims of creditors shall be included in a register of creditors' claims and deleted from it by the arbitration insolvency practitioner or by the registrar exclusively on the basis of court decisions which have become final and which establish their composition and amount, except as otherwise envisaged by the present item.

Claims for severance benefits and remuneration for the labour of persons working under a labour contract shall be included in a register of creditors' claims by the arbitration insolvency practitioner or by the registrar on the proposal of the arbitration insolvency practitioner.

Claims for severance benefits and remuneration for the labour of persons working under labour contract shall be deleted from the register of creditors' claims by the arbitration insolvency practitioner or by the registrar exclusively on the basis of court decisions which have become final.

If a register of creditors' claims is kept by a registrar the court decisions setting the amount of creditors' claims shall be forwarded by the arbitration court to the registrar for the purpose of including relevant claims in the register of creditors' claims.

7. The register of creditors' claims shall contain information on each creditor, the amount of his claims to the debtor, the priority ranking of each creditor's claim and also the grounds for the emergence of creditors' claims.

While announcing his claim the creditor shall provide information about himself/itself, in particular, full name, passport details (for a natural person), name, location (for a legal person) and also bank account details (if any).

8. A person whose claim has been included in a register of creditors claims shall timely notify the arbitration insolvency practitioner or registrar of the changes occurring in the information specified in Item 7 of the present article.

In case of non-provision of such information or the late provision thereof the arbitration insolvency practitioner or registrar and the debtor shall not be liable for the losses inflicted in connection thereto.

9. At the request of a creditor or an authorised representative thereof the arbitration insolvency practitioner or registrar shall within five business days after the receipt of such a request forward an abstract from the register of creditors' claims to this creditor or the authorised representative thereof on the amount, composition and priority ranking of his/its claims, and if the amount of debt owing the creditor makes up at least one per cent of the total accounts payable shall forward a copy of the register of creditors' claims attested to by the arbitration insolvency practitioner to this creditor or the creditor's authorised representative.

The expenses incurred through the preparation and sending of such an abstract and a copy of the register shall be borne by the creditor.

10. Disagreements arising between bankruptcy creditors, authorised bodies and the arbitration insolvency practitioner concerning the composition, amount and priority ranking of creditors' claims related to monetary
obligations or mandatory payments shall be examined by the court of arbitration in the manner envisaged by the present Federal Law.

Disagreements concerning the creditors’ or authorised bodies’ claims confirmed by a court decision that has become final in as much as it concerns their composition and amount are not subject to examination by a court of arbitration, and applications concerning such disagreements shall be returned without being considered, except for disagreements relating to performance under court decisions or to review of court decisions.

11. Disagreements arising between a representative of a debtor's employees and the arbitration insolvency practitioner and concerning the priority ranking, composition and amount of claims for severance benefits and remuneration for the labour of persons working under labour contracts shall be examined by the court of arbitration in the manner envisaged by the present Federal Law.

Labour disputes between a debtor and his/her/its employee shall be examined in the manner set out by the labour legislation (Garant 12025268) and the civil procedural legislation (Garant 10006000).

Article 17. The Creditors’ Committee

1. The creditors' committee shall represent the legal interests of bankruptcy creditors and authorised bodies and it shall monitor the activities of the arbitration insolvency practitioner and also exercise the other powers conferred thereon by the meeting of creditors, in the manner set out by the present Federal Law.

2. If the number of bankruptcy creditors and authorised bodies is below 50 the meeting of creditors need not adopt a decision to form a creditors' committee.

3. To perform the functions vested therein the creditors' committee shall be entitled to:

   demand that the arbitration insolvency practitioner or the head of the debtor provide information on the debtor's financial state and on the progress of bankruptcy proceedings;

   appeal the actions of the arbitration insolvency practitioner with a court of arbitration;

   make a decision to convene a meeting of creditors;

   make a decision to issue a recommendation to the meeting of creditors for removing the arbitration insolvency practitioner from performance by him/her of his/her duties;

   make other decisions and commit other actions in the event such powers are conferred thereon by the meeting of creditors in the manner established by the present Federal Law.

4. The composition of the creditors' committee in terms of numbers shall be determined by the meeting of creditors but it shall not be below three persons or above 11 persons.

5. When issues are decided upon at a meeting of the creditors' committee each committee member shall have one vote.

   The transfer of a right to vote from a member of the creditors’ committee to another person is prohibited.

6. The decisions of the creditors' committee shall be adopted by the majority vote of the total number of members of the creditors' committee.

7. To exercise its powers the creditors’ committee shall be entitled to elect its representative. Such a decision shall
be made in the form of minutes of a meeting of the creditors' committee.

8. The rules of deliberations of a creditors' committee shall be determined by the creditors' committee.

Article 18. The Election of a Creditors' Committee

1. The creditors' committee shall be elected by a meeting of creditors from among natural persons on the proposal of bankruptcy creditors and authorised bodies for the term of receivership, financial rehabilitation, external administration and winding up.

Civil servants and municipal employees may be elected as members of a creditors' committee on the proposal of authorised bodies.

By the decision of the meeting of creditors the powers of the creditors' committee may be terminated before due time.

2. The election of a creditors' committee shall be done by cumulative voting.

When a creditors' committee is being elected each bankruptcy creditor and each authorised body shall have the number of votes equal to the amount of his/her/its claim in roubles times the number of members of the creditors' committee. A bankruptcy creditor and an authorised body shall be entitled to cast the votes she/he/it has for one candidate or spread them among several candidates to the position of a member of the creditors' committee.

The candidates who have the largest numbers of votes shall be deemed elected to the creditors' committee.

3. The members of a creditors' committee shall elect a chairman of the creditors' committee from among themselves.

4. The minutes of a meeting of the creditors' committee shall be signed by the chairman of the creditors' committee, except as otherwise established by the rules of deliberations of the creditors' committee.

Article 19. Interested Persons

1. For the purposes of the present Federal Law the following persons shall be deemed "interested persons" in respect to a debtor:

- a legal person being a head or affiliated body in relation to the debtor under the civil legislation;
- the head of the debtor and also the persons on the board of directors (supervisory board) of the debtor, the collective executive body of the debtor, the chief accountant (accountant) of the debtor, in particular, the said persons who had been relieved from performing their duties during the year preceding the time when proceedings were instituted on the bankruptcy case;
- other persons in the cases specified by a federal law.

Also, the persons which have relations defined in Item 2 of the present article with the natural persons specified in the present item shall be deemed interested persons in relation to the debtor.

2. For the purposes of the present Federal Law "interested persons" in relation to a citizen are deemed his/her spouse, relatives of direct ascending and descending line, sisters, brothers and their relatives of descending line, the spouse's parents, sisters and brothers.

3. In the cases specified by the present Federal Law interested persons in relation to an arbitration insolvency
practitioner, creditors shall be determined in the manner set out in Items 1 and 2 of the present Article.

Article 20. Arbitration Insolvency Practitioners

1. A citizen of the Russian Federation meeting the following qualifications may be an arbitration insolvency practitioner, if she/he:

   is registered as an individual entrepreneur;
   has a higher education background;
   has a work record as an executive of at least two years in total;
   has passed a theoretical examination under the arbitration insolvency practitioners training curriculum;
   has undergone probation for at least a six-month term in the position of assistant arbitration insolvency practitioner;
   has no conviction for an economic crime or a medium-gravity crime, grave and especially grave crime;
   is a member of a self-regulating organisation.

2. The arrangement and conduct of a theoretical examination according to the arbitration insolvency practitioner training curriculum shall be done by a commission formed on terms of equal representation by the federal executive governmental body authorised by the Government of the Russian Federation and an educational institution.

3. The arrangement and conduct of probation of a citizen of the Russian Federation in the position of an assistant arbitration insolvency practitioner shall be done by self-regulating organisations of arbitration insolvency practitioners.

4. For the purposes of the present Federal Law the term "executive" means the head or deputy head of a legal person and also an arbitration insolvency practitioner, given the execution of duties of the head of a debtor, except for cases when bankruptcy proceedings are implemented in respect of a debtor in absentia.

BEGIN COMMENTARY:

Federal Law (Garant 12042603) No. 133-FZ of October 24, 2005 amended Item 5 of Article 20 of the Federal Law

See the previous text of the Item (Garant 5068597)

END COMMENTARY

5. If under the present Federal Law the powers of the head of a debtor are conferred upon an arbitration insolvency practitioner he shall be subject to all the standards and all measures of accountability established by federal laws and other regulatory legal acts of the Russian Federation for the head of such a debtor.

If the exercise of powers of an arbitration insolvency practitioner is connected with access to information classified as state secret (Garant 10002673), the arbitration insolvency practitioner must have state secret clearance in compliance with the form required to exercise the powers of the debtor's head.

BEGIN COMMENTARY:

Federal Law (Garant 12042603) No. 133-FZ of October 24, 2005 amended Item 6 of Article 20 of the Federal Law

See the previous text of the Item (Garant 5068597)
6. The court of arbitration shall not approve the following arbitration insolvency practitioners as interim receivers, administrative receivers, receivers or administrators:

- those being interested persons in relation to the debtors, creditors;
- those in respect of which bankruptcy proceedings have been instituted;
- those which did not compensate for the losses inflicted to the debtor, creditors, third persons when they executed the duties of an arbitration insolvency practitioner;
- those which have been disqualified or deprived, in the manner established by a federal law, of the right to hold executive office and/or pursue entrepreneurial activity of managing legal persons, to serve on a board of directors (supervisory board) and/or manage the affairs and/or assets of other persons;
- those which do not hold liability insurance policies for cases when losses are inflicted on persons taking part in a bankruptcy case concluded in keeping with the provisions of the present Federal Law;
- those which do not have the state secret clearance according to the form required to exercise the powers of the debtor's head.

7. A document certifying the compliance of a nominee for the position of an arbitration insolvency practitioner with the standards set out by Item 1 of the present article shall be filed with the court of arbitration by the self-regulating organisation of arbitration insolvency practitioners of which the nominee is a member.

8. The liability insurance policy shall be deemed a form of financial security for the liability of an arbitration insolvency practitioner, and it shall be concluded for at least a one-year term and envisage its mandatory prolongation for the same term.

The minimum financial security amount (the insured amount under an insurance policy) shall not be below 3,000,000 roubles a year.

Within ten days after the date when an arbitration insolvency practitioner is approved by a court of arbitration in a bankruptcy case the arbitration insolvency practitioner shall insure his/her liability for the case of infliction of losses to the persons being party to the bankruptcy case, in an amount depending on the balance sheet value of the debtor's assets as of the last accounting date preceding the date of institution of the relevant bankruptcy proceedings, namely:

- three per cent of the balance sheet value of the debtor's assets exceeding 100,000,000 roubles, with the balance sheet value of the debtor's assets ranging from 100,000,000 to 300,000,000 million roubles;
- 6,000,000 roubles and two per cent of the balance sheet value of the debtor's assets exceeding 300,000,000 roubles, with the balance sheet value of the debtor's assets ranging from 300,000,000 to 1,000,000,000 roubles;
- 20,000,000 roubles and one per cent of the balance sheet value of the debtor's assets exceeding 1,000,000,000 roubles, with the balance sheet value of the debtor's assets exceeding 1,000,000,000 roubles.

9. The arbitration insolvency practitioners approved by a court of arbitration shall be deemed the procedural successors of the preceding arbitration insolvency practitioners.

Article 21. Self-Regulating Organisations of Arbitration Insolvency Practitioners

1. A non-commercial organisation shall acquire the status of a self-regulating organisation of arbitration
insolvency practitioners as of the date when it is included in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners.

BEGIN COMMENTARY:

Decision (Garant 87837) of the Government of the Russian Federation No. 52 of February 3, 2005 laid down that the Federal Registration Service shall be a regulating body that exercises control over the activity of the self-regulating organisations of arbitration managers

END COMMENTARY

2. The ground for the inclusion of a non-commercial organisation in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners shall be its compliance with the following terms:

the compliance of at least 100 of its members with the standards set by Item 1 of Article 20 of the present Federal Law, except for the requirement of mandatory membership in a self-regulating organisation of arbitration insolvency practitioners;

the participation of members in at least 100 (in total) bankruptcy proceedings, in particular those not yet completed as of the date of inclusion in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners, except for bankruptcy proceedings relating to debtors in absentia;

the availability of a compensation fund or a property held by a mutual insurance company maintained exclusively in monetary form at the expense of membership dues in an amount of at least 50,000 roubles per member.

No levy of execution shall be applicable to the resources of compensation funds or the property of a mutual insurance company in relation to the liabilities of a self-regulating organisation or the liabilities of arbitration insolvency practitioners if the occurrence of such liabilities was not related to the pursuance of the activity envisaged by the present Federal Law.

The terms and procedure for floating the resources of the compensation funds and mutual insurance companies of self-regulating organisations of arbitration insolvency practitioners and also the procedure for spending such resources in keeping with the purpose they are intended for, recommendations as to the liquidity of the assets included in such funds, on their composition and structure shall be established by the Government of the Russian Federation.

3. The self-regulating organisation of arbitration insolvency practitioners shall exercise the following functions:

ensuring the observance by its members of the legislation of the Russian Federation, the rules of professional activity of an arbitration insolvency practitioner;

protecting the rights and legal interests of its members;

ensuring the information transparency of its members and bankruptcy proceedings;

assisting in upgrading the professional education/training background of its members.

Also, the self-regulating organisation of arbitration insolvency practitioners shall be entitled to exercise in respect to its members other functions specified in its constitution and not inconsistent with the law.

4. Apart from an executive body, within a self-regulating organisation of arbitration insolvency practitioners a permanent collective administrative body composed of at least seven persons shall be formed. The scope of powers of this body shall include the endorsement of rules of activity and business ethics of members of the self-regulating organisation as arbitration insolvency practitioners.
The number of persons who are not members of the self-regulating organisation shall not exceed 25 per cent of the membership of the permanent collective administrative body of the self-regulating organisation. Civil servants and municipal employees shall not serve on the administrative bodies of a self-regulating organisation.

To ensure its operation the self-regulating organisation of arbitration insolvency practitioners shall form a structural unit responsible for monitoring the activities of its members as arbitration insolvency practitioners and also bodies responsible for:

the examination of cases of imposition of sanctions on members of the self-regulating organisation;

the selection of nominees from among its members to be proposed to courts of arbitration for approval in bankruptcy cases.

5. A non-commercial organisation meeting the terms set out in Item 2 of the present article shall be subject to inclusion in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners within seven days after the filing of the following documents with the regulation body designated by the Government of the Russian Federation:

an application for inclusion in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners;

an appropriately attested copies of constitutive documents;

an appropriately attested copy of the certificate of state registration;

copies of the certificates of state registration of all the members of the non-commercial organisation as individual entrepreneurs, the copies being attested to by the non-commercial organisation;

copies of the certificates of higher education of all the members of the non-commercial organisation, these copies being attested to by the non-commercial organisation.

BEGIN COMMENTARY:

According to Article 231 of the present Federal Law the documents specified in Paragraphs 7 and 9 of Item 5 of Article 21 need not be filed within one year after the entry into force of the present Federal Law

END COMMENTARY

copies of the documents confirming that a theoretical examination according to the arbitration insolvency practitioner training curriculum has been passed, the copies being attested to by the non-commercial organisation;

copies of the work record books or other documents confirming that all the members of the non-commercial organisation have the established work record as an executive, the copies being attested to by the non-commercial organisation;

copies of the certificates or other documents confirming that each member of the non-commercial organisation has worked as a probationer in the position of assistant arbitration insolvency practitioner, the copies being attested to by the non-commercial organisation;

copies of the reference papers confirming that all the members of the non-commercial organisation have not been convicted, the copies being attested to by the non-commercial organisation.

The regulation body shall within three days after the inclusion of a non-commercial organisation in the
comprehensive state register of self-regulating organisations of arbitration insolvency practitioners notify in writing the non-commercial organisation of the inclusion or of a refusal to include it into the register and the reasons for such refusal.

The regulation body shall refuse to include a non-commercial organisation in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners on the following grounds:

the non-commercial organisation does not comply with at least one of the terms set out in Item 2 of the present article;

not all the documents required under the present item have been filed.

6. Upon an application of the regulation body in the case of a breach of the provisions of Item 2 of the present article or a repeated breach of the present Federal Law, a self-regulating organisation shall be deleted by the court of arbitration from the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners.

If the self-regulating organisation of arbitration insolvency practitioners voluntarily announces itself about a fact that no longer complies to any of the qualifications established by Item 2 of the present article the said organisation shall not be deleted from the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners within two months after the occurrence of such a non-compliance, and within these two months it shall bring its activity in line with these qualifications.

Article 22. The Rights and Duties of a Self-Regulating Organisation

1. The self-regulating organisation of arbitration insolvency practitioners is entitled to:

   represent the legal interests of its members in their relations with the federal governmental bodies, the governmental bodies of Russian regions and local government bodies;

   notify the courts of arbitration of the Russian Federation of the acquisition of the status of a self-regulating organisation of arbitration insolvency practitioners;

   take appeals to courts regarding the acts and actions of federal governmental bodies, governmental bodies of the Russian regions or local government bodies that violate the rights and legal interests of any of its members or of a group of members;

   file complaints claiming protection of the rights and legal interests of persons being party to a bankruptcy case;

   impose disciplinary sanctions on its members as envisaged by its constitutive and other documents, in particular expel members of the self-regulating organisation;

   file petitions with a court of arbitration for removing their members from participation in a bankruptcy case if the actions (omission) of such members have been found to violate the insolvency (bankruptcy) legislation;

   exercise other powers established by the present Federal Law.

2. The self-regulating organisation of arbitration insolvency practitioners shall:

   elaborate and establish rules of professional activity of an arbitration insolvency practitioner binding on all its members;

   monitor the professional activities of its members in as much as it concerns the observance of the provisions of the present Federal Law and the rules of professional activity of an arbitration insolvency practitioner established by the
self-regulating organisation;

BEGIN COMMENTARY:


END COMMENTARY

consider complaints relating to the activities of its member acting as an arbitration insolvency practitioner in a bankruptcy case;

elaborate and establish the standards applicable to the citizens of the Russian Federation who intend to become members of the self-regulating organisation;

notify the court of arbitration examining a bankruptcy case of the fact that the member of the organisation acting as an arbitration insolvency practitioner in this case has been expelled, within three days after the expulsion;

gather, process and store information on the activity of its members, which they disclose to the self-regulating organisation in the form of reports in the manner and at the intervals established by the constitution and other documents of the self-regulating organisation;

arrange and conduct the probation of a citizen of the Russian Federation as an assistant arbitration insolvency practitioner;

keep a register of the arbitration insolvency practitioners being its members and provide free access to the information included in the register to the persons interested in obtaining such information;

arrange for the maintenance of a compensation fund or the property of a mutual insurance company to provide a financial security for a liability for compensating losses inflicted by its members when they execute the duties of an arbitration insolvency practitioner.

3. The self-regulating organisation of arbitration insolvency practitioners shall file the following with the regulation body for the purpose of subsequent publication: amendments to the constitutive documents, rules and standards of activity and business ethics of arbitration insolvency practitioners, as well as information on:

amendments to the register of the arbitration insolvency practitioners being members of this self-regulating organisation;

the accomplished approval of the arbitration insolvency practitioners being members of this self-regulating organisation in relation to bankruptcy cases;

the imposition of sanctions to members of this self-regulating organisation in the form of termination of membership in the self regulating organisation;

the release of the arbitration insolvency practitioners being members of this self-regulating organisation from their duties;

on the rules of admission of arbitration insolvency practitioners into membership of the self-regulating organisation;

on the rules of undergoing probation as an assistant arbitration insolvency practitioner;
on the amount of compensation fund or the property of a mutual insurance company;

on the complaints received as concerning the actions of members of the self-regulating organisation and on the results of consideration of such complaints;

on the list of the insurance organisations insuring of civil liabilities of arbitration insolvency practitioners and which have been accredited by the self-regulating organisation;

on the list of the professional participants in the securities market which are pursuing the activity of keeping a register of the owners of securities which have been accredited by the self-regulating organisation.

At the request of the regulation body the self-regulating organisation of arbitration insolvency practitioners shall provide reports on bankruptcy proceedings completed by the arbitration insolvency practitioners being members of the self-regulating organisation.

Article 23. The Standards Applicable to an Arbitration Insolvency Practitioner Nominee

1. The bankruptcy creditor or authorised body (meeting of creditors) is entitled to make provision of the following standards applicable to an arbitration insolvency practitioner nominee:

   the nominee's having a higher legal or economic education background or education background in a speciality corresponding to the debtor's area of activity;

   the nominee's having a certain work record as head of an organisation in a relevant branch of economy;

   setting the number of the bankruptcy proceedings completed by the nominee as an arbitration insolvency practitioner.

   The bankruptcy creditor or authorised body (meeting of creditors) is not entitled to demand that the arbitration insolvency practitioner nominee meets standards different from those specified in the present item.

2. When a bankruptcy creditor or authorised body (meeting of creditors) demands that an arbitration insolvency practitioner nominee qualify under standards, the bankruptcy creditor or authorised body (meeting of creditors) are entitled to indicate the amount/rate of and procedure for payment of an additional remuneration to the arbitration insolvency practitioner.

Article 24. The Rights and Duties of an Arbitration Insolvency Practitioner

1. In his/her activity the arbitration insolvency practitioner shall be governed by the legislation of the Russian Federation.

   In his/her activity the arbitration insolvency practitioner shall observe the rules of professional activity of an arbitration insolvency practitioner approved by the self-regulating organisation of which she/he is a member.

2. The arbitration insolvency practitioner is entitled to be a member of only one self-regulating organisation of arbitration insolvency practitioners.

3. The arbitration insolvency practitioner approved by a court of arbitration is entitled to:

   convene a meeting of creditors;

   convene a creditors' committee;

   file applications and petitions with a court of arbitration in the cases specified by the present Federal Law;
receive a remuneration at the rate and in the manner established by the present Federal Law;

recruit other persons under a contract with a view to exercising his/her powers, with payment for their work being effected at the expense of the debtor, except as otherwise established by the present Federal Law, a creditors' meeting or by agreement of the creditors;

file an application with a court of arbitration for termination before due time of his/her duties.

4. The arbitration insolvency practitioner approved by a court of arbitration shall:

take measures for preserving the debtor's property;

analyse the debtor's financial state;

analyse the financial, economic and investment activities of the debtor, the debtor's position in the commodity market and other markets;

keep a register of creditors' claims, except for the cases specified by the present Federal Law;

provide the register of creditors' claims to persons demanding convocation of a general meeting of creditors within three days after the receipt of the demand in the cases specified by the present Federal Law;

provide compensation to the debtor, creditors and third persons for losses if losses have been incurred by them when she/he executed the duties vested therein from the date when the court decision for compensation of such losses becomes final;

reveal evidence of deliberate and fraudulent bankruptcy and also the circumstances for which liability is envisaged by Items 3 and 4 of Article 10 of the present Federal Law;

exercise other functions established by the present Federal Law.

5. Unless otherwise established by the present Federal Law, the arbitration insolvency practitioner shall ensure the non-disclosure status of the information protected under a federal law (in particular, information classified as service secret and commercial secret 12036454.301 in connection with his/her executing the duties of an arbitration insolvency practitioner.

6. While carrying out bankruptcy proceedings, the arbitration insolvency practitioner approved by a court of arbitration shall act in utmost fairness and reasonably in the interests of the debtor, creditors and society.

7. The powers of an arbitration insolvency practitioner approved by a court of arbitration vested in him/her in person under the present Federal Law shall not be delegated to other persons.

Article 25. The Liability of an Arbitration Insolvency Practitioner

1. Default on or improper execution of the duties vested in an arbitration insolvency practitioner in accordance with the present Federal Law, the rules of professional activity of an arbitration insolvency practitioner established by the Government of the Russian Federation shall be deemed a ground for removing the arbitration insolvency practitioner by the court on the petition of persons being party to the bankruptcy case.

In the event of an annulment of a ruling of a court of arbitration for removal of an approved arbitration insolvency practitioner for a default on or improper execution of the duties vested in him/her in keeping with the present Federal Law and also the rules of professional activity of an arbitration insolvency practitioner established by the Government
of the Russian Federation, the arbitration insolvency practitioner shall be reinstated by the court of arbitration within the bankruptcy proceeding in which she/he was released from his duties.

2. The arbitration insolvency practitioner's default on or improper execution of the rules of professional activity of an arbitration insolvency practitioner approved by the self-regulating organisation of which she/he is a member may serve as a ground for expulsion of the arbitration insolvency practitioner from this self-regulating organisation.

In the event of expulsion of an arbitration insolvency practitioner from a self-regulating organisation the arbitration insolvency practitioner shall be released by the court of arbitration from his/her duties at the application of the self-regulating organisation.

In the event of an annulment or declaration as invalid of the decision whereby an arbitration insolvency practitioner has been expelled from a self-regulating organisation, this having served as a ground for the court of arbitration to release the approved arbitration insolvency practitioner from his/her duties, she/he shall not be reinstated by a court of arbitration to execute the duties of an arbitration insolvency practitioner.

3. An arbitration insolvency practitioner which has inflicted losses on the debtor, creditors, or other persons as the result of defaulting on or improperly performing the provisions of the present Federal Law shall not be approved as an arbitration insolvency practitioner until he/she has compensated for these losses in full. In this case the arbitration insolvency practitioner shall also be accountable under federal law.

Article 26. Remuneration of an Arbitration Insolvency Practitioner

1. Remuneration for an arbitration insolvency practitioner shall be established for each month of his/her term in office at the rate set by the creditor (creditors' meeting) and approved by the court of arbitration, except as otherwise established by the present Federal Law and it shall be at least equal to 10,000 roubles.

If an arbitration insolvency practitioner is released from his/her duties by a court of arbitration in connection to his/her defaulting on or improperly executing the duties vested therein, remuneration thereto need not be paid out.

2. Additional remuneration may be established for an arbitration insolvency practitioner by a bankruptcy creditor, authorised body or creditors' meeting at the expense of the creditors as subject to approval by the court of arbitration and it shall be disbursable for the results of his/her activity.

3. Remuneration to persons recruited by an arbitration insolvency practitioner with a view to carrying out his/her activity shall be payable at the expense of the debtor's property, except as otherwise envisaged by the present Federal Law, the creditors' meeting or creditors' agreement.

Article 27. Bankruptcy Proceedings

1. The following bankruptcy proceedings shall be implemented when a case of bankruptcy of a debtor being a legal person is being heard:

receivership;
financial rehabilitation;
external administration;
administration;
voluntary arrangement.
2. The following bankruptcy proceedings shall be implemented when a case of bankruptcy of a debtor being a citizen is being heard:

administration order;
voluntary arrangement;
other bankruptcy proceedings envisaged by the present Federal Law.


1. The information subject to disclosure under the present Federal Law shall be published in an official edition designated by the Government of the Russian Federation. The number of copies of the official edition, the periods between issues and the term set for the publication of the said information, the procedure for financing the services provided and the prices for such services shall be set by the Government of the Russian Federation and they shall not impede the quick and free access to the said information for any person concerned. The information subject to disclosure under the present Federal Law shall also be published in electronic mass media in the manner determined by the Government of the Russian Federation.

BEGIN COMMENTARY:

Until the time when a formal edition is designated by the Government of the Russian Federation for the publication of information on issues relating to bankruptcy the said information shall be published in "Rossiyskaya Gazeta"

END COMMENTARY

BEGIN COMMENTARY:

In accordance with Decision (Garant 12041559) of the Government of the Russian Federation No. 510 of August 12, 2005, an official edition in which information stipulated in the present Federal Law shall be published, is to be identified in accordance with the results of a tender held among the editorial boards of the printed mass media

END COMMENTARY

2. The reimbursement of expenses relating to the publication of information specified in Item 1 shall be effected at the expense of the debtor's property, except as otherwise envisaged by the present Federal Law or by a creditors' meeting.

If the debtor does not have sufficient property to reimburse publication expenses it shall be effected at the expense of the funds of the creditor which filed an application for opening the bankruptcy case in respect of the debtor.

3. When bankruptcy proceedings are being carried out the following shall be published in a mandatory way: information on the institution of receivership, declaration of the bankrupt debtor and the institution of liquidation proceedings, the termination of proceedings on the bankruptcy case. If the number of the debtor's creditors exceeds 100 or if they cannot be counted also information on the commencement of each of the bankruptcy proceedings applied to the debtor shall also be published in a mandatory way.

4. Under a decision of a creditors' meeting or creditors' committee the information subject to mandatory publication may be also published in other mass media.

5. Except as otherwise envisaged by the present Federal Law the information published shall contain the following:

the debtor's name and address;
the name of the court of arbitration that has adopted the court decision, the date of the court decision and a description of the bankruptcy proceeding instituted as well as the number of the bankruptcy case relating to the debtor;

the full name of the approved insolvency practitioner and his/her address for correspondence purposes and also the name of the relevant self-regulating organisation and its address;

the date of the next court hearing of the bankruptcy case set by the court of arbitration, in the cases specified in the present Federal Law;

other information in the cases specified by the present Federal Law.

Article 29. The Cognisance of Federal Executive Governmental Bodies, the Governmental Bodies of Russian Regions and Local Government Bodies in the Field of Financial Rehabilitation and Bankruptcies

1. For the purpose of pursuing state policy in the field of financial rehabilitation and bankruptcies, the Government of the Russian Federation shall:

   - determine a procedure for authorised bodies to file their applications;
   - determine a procedure for consolidating and presenting claims for mandatory payments and the claims of the Russian Federation relating to monetary obligations in a bankruptcy case and in bankruptcy proceedings;

BEGIN COMMENTARY:

See Regulations (Garant 87066) on the Procedure for Filing Claims Relating to Obligations Owing the Russian Federation in Cases of Bankruptcy and in Bankruptcy Proceedings, endorsed by Decision (Garant 87066) of the Government of the Russian Federation No. 257 of May 29, 2004

END COMMENTARY

   - carry out the co-ordination of the activities of representatives of federal executive governmental bodies and representatives of state non-budget funds as creditors in respect of monetary obligations and mandatory payments;
   - determine a procedure for keeping track and analysing the solvency of strategic enterprises and organisations.

2. The Government of the Russian Federation shall endorse the following rules of professional activity of an arbitration insolvency practitioner and the activity of a self-regulating organisation:

   - the general rules of activity of an arbitration insolvency practitioner concerning the content of and procedure for keeping a register of creditors’ claims, the preparation, organisation and holding of creditors’ meetings and creditors’ committees 86735.1000 reports of an arbitration insolvency practitioner 12030950.1000 financial analysis rules; (Garant 12031539)
   - the rules of verification of availability of evidence of fraudulent and deliberate bankruptcy;
   - the rules of holding and taking a theoretical examination;
   - the rules of probation as an assistant arbitration insolvency practitioner;
   - the rules for a self-regulating organisation to check up the activities of its members being arbitration insolvency practitioners.

3. The federal executive governmental bodies classified under
Article 2 of the present Federal Law as "authorised bodies" shall act within the scope of their cognisance to represent claims for mandatory payments and the claims of the Russian Federation relating to monetary obligations in bankruptcy cases.

4. The regulation body shall:

monitor the observance by self-regulating organisations of federal laws and other regulatory legal acts governing the activities of self-regulating organisations;

verify the activities of self-regulating organisations in the manner (Garant 12031538) established by the Government of the Russian Federation;

file an application with a court of arbitration for deletion of a self-regulating organisation from the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners in the cases envisaged by the present Federal Law;

file an application with a court in the manner established by a federal law for disqualifying an arbitration insolvency practitioner;

render support to self-regulating organisations and arbitration insolvency practitioners during bankruptcy proceedings relating to transborder insolvency matters;

take part in the organisation of training of arbitration insolvency practitioners and in the holding of a theoretical examination;

approve a uniform curriculum for the training of arbitration insolvency practitioners;

keep a comprehensive state register of self-regulating organisations of arbitration insolvency practitioners and a register of arbitration insolvency practitioners;

exercise other powers conferred thereon by the present Federal Law, other federal laws and other regulatory legal acts.

BEGIN COMMENTARY:

Paragraph 11 of Item 4 of Article 29 of the present Federal Law enters into force upon the expiry of three months after the date of entry into force of the present Federal Law

END COMMENTARY

The regulation body exercising the powers specified in the present item shall not be vested with the powers of an authorised body representing the legal interests of the state as a creditor relating to monetary obligations and/or mandatory payments, and/or of the owner of a debtor being a unitary enterprise, a promoter (stakeholder) of a debtor.

5. The Government of the Russian Federation shall determine a procedure for taking into account the opinions of the executive governmental bodies of Russian regions and local government bodies in determining the position of federal executive governmental bodies as creditors in respect of mandatory payments during bankruptcy proceedings.

6. The scope of powers of the governmental bodies of Russian regions and local government bodies shall be determined by laws and other regulatory legal acts of the Russian regions and the legal acts of the local government bodies adopted within the scope of their powers.
7. Territorial agencies of the federal executive body in charge of ensuring security shall present on a quarterly basis information in respect of the organizations, having a licence for carrying out works with the use of data constituting state secrets, to arbitration courts at the location of the said organizations and to the territorial agencies of the Ministry of Justice of the Russian Federation.

Chapter II. Bankruptcy Prevention

Article 30. Measures for Preventing Organisations' Bankruptcy

1. If evidence of bankruptcy established by Item 2 of Article 3 of the present Federal Law appears, the head of the debtor shall forward information on the availability of the bankruptcy evidence to the debtor's promoters (stakeholders) and to the owner of property of the debtor being a unitary enterprise.

2. In the cases specified by a federal law the promoters (stakeholders) of the debtor, the owner of property of the debtor being a unitary enterprise, federal executive governmental bodies, the executive bodies of Russian regions, local government bodies shall take timely measures for preventing organisations' bankruptcy.

3. For the purposes of preventing organisations' bankruptcy the promoters (stakeholders) of the debtor, the owner of property of the debtor being a unitary enterprise before the filing of a petition for declaring the debtor bankrupt with a court of arbitration shall take measures with a view to restoring the solvency of the debtor. The measures aimed at restoring the solvency of the debtor may be taken by creditors or other persons under an agreement with the debtor.

Article 31. Prejudicial Rehabilitation

1. The promoters (stakeholders) of a debtor, the owner of property of a debtor being a unitary enterprise, the creditors and other persons within the framework of bankruptcy prevention measures may provide financial assistance to the debtor in an amount sufficient for repayment of monetary obligations and mandatory payments and for restoration of the debtor's solvency (prejudicial rehabilitation).

2. When financial assistance is being provided the debtor or other persons may assume obligations for the benefit of persons which provide financial assistance.

Chapter III. The Hearing of Bankruptcy Cases in a Court of Arbitration

Article 32. Procedure for Hearing Bankruptcy Cases

1. Cases of bankruptcy of a legal person or a citizen, in particular an individual entrepreneur, shall be heard by a court of arbitration in accordance with the rules set out by the Arbitration Procedural Code 12027526.28000 features established by the present Federal Law.

2. The features of hearing bankruptcy cases established by the present chapter shall be applicable, except as otherwise envisaged by other chapters of the present Federal Law.

Article 33. The Cognisance and Jurisdiction Concerning Bankruptcy Cases

1. Cases of bankruptcy of a legal person or a citizen, in particular an individual entrepreneur, shall be heard by the
court of arbitration at the location of the debtor being a legal person or at the place of residence of the natural person.

BEGIN COMMENTARY:

On the Procedural Consequences of a Change of Location of a Debtor That Is a Juridical Person in the Consideration of Cases Concerning Insolvency (Bankruptcy), see Letter (Garant 12042612) of the Higher Arbitration Court of the Russian Federation No. 95 of October 13, 2005

END COMMENTARY

2. The application for declaring a debtor bankrupt shall be accepted by a court of arbitration if claims to the debtor being a legal person in the aggregate make up at least 100,000 roubles, or to the debtor being a citizen at least 10,000 roubles, and if the said claims are undercharged during the three-month term after their due date, except as otherwise envisaged by the present Federal Law.

3. A bankruptcy case shall not be referred to a private arbitration for consideration.

Article 34. The Persons Deemed Party to a Bankruptcy Case

The persons deemed party to a bankruptcy case shall be as follows:

the debtor;

an arbitration insolvency practitioner;

the bankruptcy creditors;

authorised bodies;

the federal executive governmental bodies and also the governmental bodies of Russian regions and local government bodies at the location of the debtor in the cases specified by the present Federal Law;

the person which has provided security for the conduct of financial rehabilitation.

BEGIN COMMENTARY:

Federal Law (Garant 12042603) No. 133-FZ of October 24, 2005 reworded Article 35 of the Federal Law

See the previous wording of the Article (Garant 5068597)

END COMMENTARY

Article 35. Persons Deemed Participants in Arbitration Court Proceedings Concerning a Bankruptcy Case

The following persons shall participate in arbitration court proceedings concerning a bankruptcy case:

a representative of the debtor's employees;

a representative of the owner of property of a debtor being a unitary enterprise;

a representative of the debtor's promoters (stake-holders);

a representative of a creditors meeting or a creditors committee.
Article 36. Representation in a Bankruptcy Case

1. The citizens, in particular individual entrepreneurs, and the organisations deemed party to a bankruptcy case or deemed participants in the arbitration process in a bankruptcy case may be represented by any citizens having dispositive legal capacity and appropriately documented powers to conduct the bankruptcy case, in particular, auditors, appraisers, economists and other specialists.

2. The powers of the heads of organisations acting in the name of the organisations within the scope of the powers set out by a federal law, another regulatory legal act or constitutive documents shall be confirmed by the documents they file with the court as identifying their positions and also by constitutive and other documents.

3. The powers of legal representatives shall be confirmed by the documents filed with the court to identify their status and powers.

4. Other representatives' powers to conduct a bankruptcy case in a court of arbitration shall be expressed in a power of attorney issued and drawn up in compliance with federal law and in the cases specified by an international treaty of the Russian Federation or a federal law, or another document.

Article 37. The Application of a Debtor

1. The application of a debtor shall be filed with the court of arbitration in written form. The said application shall be signed by the head of the debtor being a legal person or by a person authorised under the debtor's constitutive documents to file applications for declaring a debtor bankrupt or by the debtor being a citizen.

The application of a debtor shall be signed by a representative of the debtor if such power is expressly stated in the representative's power of attorney.

BEGIN COMMENTARY:

Federal Law (Garant 12042603) No. 133-FZ of October 24, 2005 reworded Item 2 of Article 37 of the Federal Law

See the previous wording of the Item (Garant 5068597)

END COMMENTARY

2. The following shall be indicated in the application of a debtor:

   the name of the court of arbitration with which said application is filed;

   the sum of creditors' claims relating to monetary obligations in an amount not disputed by the debtor;

   the sum of debts owing as compensation for harm inflicted on citizens' life and health, as wages/salaries and severance benefits payable to the debtor's employees, the sum of royalties payable under copyright contracts;

   the sum of debts relating to mandatory payments;

   an explanation of the impossibility of meeting the creditors' claims in full or of a significant aggravation in economic activity in the event of levying execution against the debtor's property;
information on the statements of claim to the debtor, writs of execution, as well as other documents presented for the purpose of writing off amounts of money from the debtor's accounts according to the compulsory procedure, which are accepted by courts of general jurisdiction, courts of arbitration, umpires to institute proceedings upon;

information on the property owned by the debtor, in particular funds and accounts receivable;

the numbers of the debtor's accounts opened with banks and other credit organisations, the addresses of the banks and other credit organisations;

the name and address of the self-regulating organisation from among whose members the court of arbitration approves an interim receiver;

the rate of remuneration of the arbitration insolvency practitioner;

a list of the documents attached.

If a debtor uses in its activities data constituting state secrets, in the application shall be indicated the form of access to state secrets (Garant 10002673) of the debtor's head.

The application of a debtor may comprise other information concerning the hearing of the bankruptcy case.

The debtor's petitions may be also attached to the application of the debtor.

The application of a debtor shall not comprise requirements concerning an interim receiver nominee.

3. The application of a debtor being a citizen shall also comprise information on the debtor's obligations not relating to his/her entrepreneurial activity.

4. The debtor shall forward copies of his/her application to the bankruptcy creditors, authorised bodies, the owner of property of the debtor being a unitary enterprise, the board of directors (supervisory board) or another similar collective managerial body and also to other persons in the cases specified by the present Federal Law. If before the filing of the debtor's application a representative of the owner of property of the debtor being a unitary enterprise, a representative of the debtor's promoters (stakeholders), or a representative of the debtor's employees have been elected (appointed), copies of the debtor's application shall be forwarded to these persons.

Article 38. The Documents Attached to the Application of a Debtor

1. Apart from the documents specified by the Arbitration Procedural Code 12027526 accompanied with documents confirming:

the existence of the debt and also the debtor's inability to meet the creditors' claims in full;

other circumstances on which the debtor's application is based.

BEGIN COMMENTARY:

Federal Law (Garant 12042603) No. 133-FZ of October 24, 2005 reworded Item 2 of Article 38 of the Federal Law See the previous wording of the Item (Garant 5068597)

END COMMENTARY

2. The following shall be also attached to the application of a debtor:
the constitutive documents of a debtor being a legal person and also the certificate of state registration of the legal person or the document of the state registration of the individual businessman;

a list of the applicant's creditors and debtors together with a breakdown of accounts payable and accounts receivable and an indication of the addresses of the applicant's creditors and debtors;

the balance sheet as of the last accounting date, or documents substituting it, or documents showing the composition and value of the property of a debtor being a citizen;

the decision of the owner of property of a debtor being a unitary enterprise or of the debtor's promoters (stake-holders), and also of another authorised body of the debtor, to file the debtor's application, if any, with the court of arbitration;

the decision of the owner of property of a debtor being a unitary enterprise or of the debtor's promoters (stake-holders), and also of other authorised body of the debtor, to elect (appoint) a representative of the debtor's promoters (stake-holders) or a representative of the owner of property of the debtor being a unitary enterprise;

the minutes of the meeting of the debtor's employees which elected a representative of the debtor's employees to take part in the arbitration court proceedings on the bankruptcy case, if said meeting had been held before filing the debtor's application;

a report on the value of the debtor's property prepared by an independent appraiser, if any;

documents proving the head of the debtor has access to state secrets (Garant 10002673) with an indication of the form of such access (if the debtor has a licence for carrying out works with the use of the data constituting state secrets);

other documents in the cases specified by the present Federal Law.

3. The originals of the documents specified in this article or their appropriately attested copies shall be attached to the application of a debtor.

Article 39. The Application of a Bankruptcy Creditor

1. The application of a bankruptcy creditor for declaring a debtor bankrupt (hereinafter referred to as "creditor's application") shall be filed with a court of arbitration in written form. The application of a creditor being a legal person shall be signed by the person's head or representative, and the application of a creditor being a citizen shall be signed by the citizen or his/her representative.

2. The following shall be specified in the application of a creditor:

the name of the court of arbitration with which the application is filed;

the name (surname, forenames) of the bankruptcy creditor and its/his/her address;

the sum of the bankruptcy creditor's claims to the debtor complete with an indication of the sum of interest and forfeit money (fines, penalties) payable;

the obligation from which the creditor's claim to the debtor has arisen, and also the term of discharge of such an obligation;

the decision of the court, arbitration court, or private arbitration that has considered the bankruptcy creditor's claim to the debtor;
proof of the fact that a writ of execution has been forwarded (presented for execution) to the bailiffs service and that a copy thereof has been forwarded to the debtor;

proof of the grounds for the occurrence of the debt (invoices, waybills and other documents);

the name and address of the self-regulating organisation from among whose members the interim receiver is to be approved;

the rate of remuneration of the arbitration insolvency practitioner;

a list of the documents attached to the creditor's application.

In his application the creditor shall be entitled to specify the desirable professional qualifications of an interim receiver nominee. Other information may be attached to the application of a creditor as concerning the consideration of the bankruptcy case.

The bankruptcy creditor's petitions may be attached to the application of the creditor.

3. The bankruptcy creditor shall forward a copy of his application to the debtor.

4. The application of a creditor may be based on a consolidated debt relating to different circumstances.

5. Bankruptcy creditors are entitled to put their claims to the debtor together and file a single creditor's application with the court. Such an application shall be signed by the bankruptcy creditors which have put together their claims.

Article 40. The Documents Attached to the Application of a Creditor

1. Apart from the documents specified by the Arbitration Procedural Code 12027526 accompanied with documents confirming:

   the debtor's obligations to the bankruptcy creditor and also the availability and sum of the debt relating to the said obligations;

   proof of the grounds for the occurrence of the debt (invoices, waybills and other documents);

   other circumstances on which the creditors' application is based.

2. Also a power of attorney shall be attached to the application of a creditor signed by a representative of the bankruptcy creditor, to confirm the powers of the person who signed the application to file such an application.

3. Attached to the application of a creditor shall be the decisions of the court, arbitration court or private arbitration that considered the bankruptcy creditor's claim to the debtor and also proof of the fact that a writ of execution has been forwarded (presented for execution) to the bailiff service and that a copy thereof has been forwarded to the debtor.

Article 41. The Application of an Authorised Body

1. The application of an authorised body for declaring a debtor bankrupt shall meet the standards envisaged for the application of a creditor.

2. The application of an authorised body concerning mandatory payments shall be accompanied by a decision of the tax body or customs body to collect the debtor's assets for the debt. The application of an authorised body concerning mandatory payments and claiming that the debtor be declared bankrupt shall be accompanied by information on the debt relating to mandatory payments according to the authorised body.
Article 42. Accepting an Application for Declaring a Debtor Bankrupt

1. The arbitration court judge shall accept an application for declaring a debtor bankrupt filed in compliance with the standards set by the Arbitration Procedural Code of the Russian Federation and the present Federal Law.

   In case when the filing of an application of a debtor with a court of arbitration is compulsory but such an application is not accompanied by all the documents required under Article 38 of the present Federal Law, the said application shall be accepted by the court of arbitration for further proceedings and the lacking documents shall be demanded when a bankruptcy case is prepared for court hearing.

2. The arbitration court judge shall issue a ruling on the acceptance of the application for declaring the debtor bankrupt within five days after the receipt of the said application by the court of arbitration.

3. The ruling on acceptance of an application for declaring a debtor bankrupt shall comprise an indication of the self-regulating organisation from among whose members the court of arbitration approves an interim receiver (hereinafter referred to as "declared self-regulating organisation") and the date for examining the grounds for the applicant's claims to the debtor, except as otherwise required by the present Federal Law.

   The declared self-regulating organisation shall be entitled to familiarise itself with the materials of the bankruptcy case, and make abstracts from them and copies of them.

BEGIN COMMENTARY:

Federal Law (Garant 12042603) No. 133-FZ of October 24, 2005 reworded Item 4 of Article 42 of the Federal Law

See the previous wording of the Item (Garant 5068597)

END COMMENTARY

4. The court of arbitration shall forward the ruling on acceptance of the application for declaring the debtor bankrupt to the applicant, the debtor, the regulation body and the declared self-regulating organisation.

   Where the debtor has a licence for carrying out works with the use of data constituting state secrets, the court of arbitration shall direct a ruling on acceptance of the application for declaring the debtor bankrupt to the territorial agency of the federal executive body in charge of ensuring security.

   The ruling of the court of arbitration forwarded to the declared self-regulating organisation shall comprise qualifications for an interim receiver nominee, as well as information in respect of the debtor's having or not having a licence for carrying out works with the use of the data constituting state secret (Garant 10002673). If the applicant has not specified qualifications for an interim receiver nominee, said ruling shall be forwarded to the declared self-regulating organisation without an indication of qualifications for an interim receiver nominee.

5. If an application for declaring a debtor bankrupt is not accompanied by the debtor's financial statements as of the last accounting date the court of arbitration shall demand that such documents be filed by the debtor. The debtor shall
file his/her/its financial statements with the court of arbitration within five days after the receipt of the ruling whereby such documents are demanded.

6. Receivership shall be instituted according to the results of consideration of the grounds for the applicant's claims to the debtor, except for the cases specified in Item 2 of Article 62 of the present Federal Law.

A court hearing dedicated to verification of the grounds for the applicant's claims to the debtor shall be held at least after 15 days and within thirty days after the date of the issuance of the ruling on acceptance of the application for declaring the debtor bankrupt.

7. On the application of the person which filed the application for declaring the debtor bankrupt the court of arbitration shall be entitled to take measures for securing the application as envisaged by the Arbitration Procedural Code (Garant 12027526) of the Russian Federation.

The petition for taking measures for securing the application for declaring a debtor bankrupt shall be considered by the judge not later than the day following the date of receipt of the petition, without the parties being notified.

According to the results of the consideration of the petition a ruling shall be issued. The ruling on taking measures for securing the application shall take effect immediately.

The ruling on taking measures for securing an application or refusing to take measures for securing an application shall be subject to appeal. An appeal taken from the said ruling shall not cause suspension of the ruling.

8. If prior to the hearing scheduled by the court, the court of arbitration receives applications for its consideration for declaring the debtor bankrupt from other persons, all the applications received shall be seen by the court of arbitration as applications for entering the bankruptcy case. These applications shall be considered within 15 days after the date of the court hearing dedicated to verification of the grounds for the claims of the first applicant which applied to the court of arbitration.

The persons whose applications' consideration has been postponed shall have the rights specified in Item 7 of the present article.

9. If the court of arbitration has postponed the consideration of grounds for the claims of the first applicant, and equally if it has deemed the claims of the first applicant without ground, the court of arbitration shall collect together all the applications for declaring the debtor bankrupt and appoint a date for a new court hearing to verify the grounds for the claims of all the applicants. In the said case an arbitration insolvency practitioner shall be approved from among the members of the self-regulating organisation declared by the bankruptcy creditor or authorised body whose claims will be deemed well substantiated first.

Article 43. Refusal to Accept an Application for Declaring a Debtor Bankrupt

The arbitration court judge shall refuse to accept an application for declaring a debtor bankrupt in the case of:

a breach of the terms set out in Item 2 of Article 33 of the present Federal Law;

the filing of the application for declaring the debtor bankrupt if a bankruptcy case has been opened in respect of this debtor and a bankruptcy proceeding has been instituted;

existence of grounds for refusing acceptance of the application, as set out by the Arbitration Procedural Code (Garant 12027526) of the Russian Federation.

Article 44. Returning an Application for Declaring a Debtor Bankrupt
1. An application for declaring a debtor bankrupt that does not comply with the provisions of Articles 37-41 of the present Federal Law shall be returned by the court of arbitration together with the documents attached thereto.

A ruling shall be issued by the court of arbitration on the return of an application for declaring a debtor bankrupt.

2. The ruling on the return of the application for declaring a debtor bankrupt shall be forwarded to the debtor and the creditor which filed the application.

BEGIN COMMENTARY:

Federal Law (Garant 12042603) No. 133-FZ of October 24, 2005 amended Article 45 of the Federal Law

See the previous text of the Article (Garant 5068597)

END COMMENTARY

Article 45. Procedure for Approving an Arbitration Insolvency Practitioner

1. Having received a request for nominating arbitration insolvency practitioners the declared self-regulating organisation shall compile a list of its members who expressed their consent to be approved by a court of arbitration as an arbitration insolvency practitioner and who best qualify under the criteria for an arbitration insolvency practitioner contained in the said request (hereinafter referred to as "a list of nominees"). The list of nominees shall contain three nominees arranged in descending order in terms of their compliance with the criteria for an arbitration insolvency practitioner contained in the request, or if they all comply to the same degree, with due regard to their professional qualities.

In the event of receipt of a request for presenting arbitration insolvency practitioner nominees that does not contain criteria for the arbitration insolvency practitioner nominees the declared self-regulating organisation shall select arbitration insolvency practitioner nominees from among its members who expressed their consent to be approved by a court of arbitration as an arbitration insolvency practitioner. The list of nominees shall contain three nominees in descending order in terms of their professional qualities.

Persons that do not have access to state secrets (Garant 10002673) in the established form, may not be included into the list of nominees, if the availability of such access is an obligatory condition for approval by a court of arbitration of the arbitration bankruptcy practitioner.

1.1. A debtor and the territorial agency of the federal executive body in charge of ensuring security shall be obliged in two and five days respectively as of the date of receiving the ruling of a court of arbitration on accepting an application for declaring a debtor bankrupt to present information on the form of access to state secrets of the debtor's head or on the absence of such access to the court of arbitration and the declared self-regulated organization.

2. The declared self-regulating organisation shall provide unhindered access to persons concerned to the procedure of selection of arbitration insolvency practitioner nominees.

The decision whereby arbitration insolvency practitioners are included in a list of nominees shall be made by the declared self-regulating organisation on a collective basis.

3. Within five days after the receipt of a request for presenting arbitration insolvency practitioner nominees, the declared self-regulating organisation shall forward to the court of arbitration, applicant (creditors' meeting or a representative of a creditors' meeting) and the debtor a list of nominees that contains information on the professional qualities of the arbitration insolvency practitioners and, if the ruling of the arbitration court contains requirements for arbitration insolvency practitioner nominees, a substantiated statement of their compliance with the requirements for an
arbitration insolvency practitioner nominee, as well as, where necessary, information on the availability of access to state secrets (Garant 10002673).

4. The debtor and the applicant (a representative of a creditors' meeting) shall be entitled to disapprove of one nominee each out of those specified in the list of nominees. The nominee that remained shall be approved by the court of arbitration, except if a breach of the selection procedure or the non-compliance of the nominee so selected with the provisions of Article 20 of the present Federal Law is revealed.

If the debtor and/or applicant (a representative of a creditors' meeting) did not exercise their right of disapproval, the court of arbitration shall appoint the nominee at the top of the list of nominees filed by the declared self-regulating organisation.

5. If the declared self-regulating organisation does not file a list of nominees with the court of arbitration within the term set by Item 3 of the present article, the court of arbitration shall apply to the regulation body, which shall within seven days after the application of the court of arbitration arrange for the filing of a list of nominees by other self-regulating organisations from among those included in the comprehensive state register of self-regulating organisations of arbitration insolvency practitioners.

6. If arbitration insolvency practitioners, which are members of the declared self-regulating organization, do not have access to state secrets 10002673 the debtor's head, and the availability of such access is an obligatory condition for a court of arbitration approving an arbitration insolvency practitioner, the declared self-regulating organisation shall inform the court of arbitration of it within the time period established by Item 3 of this Article. After receiving such information the arbitration court within two days shall apply to the registration body that shall be obliged within seven days as of the date of receiving the application of the arbitration court to ensure the submission of the list of nominees by other self-regulating organizations from among those included into the comprehensive state register of self-regulating organizations of arbitration insolvency practitioners.

A court of arbitration shall apply to the declared self-regulating organisation, if the said organization has not received or has not received in due time information on the availability an access of the debtor's head to state secrets and on the form of such access for a repeated submission by said organization of the list of nominees in the procedure established by Item 3 (Garant 12042603) of this Article.

BEGIN COMMENTARY:

Federal Law (Garant 12048418) No. 116-FZ of July 18, 2006 supplemented Article 45 of this Federal Law with Item 7

END COMMENTARY

BEGIN COMMENTARY:

Item 7 in Article 45 of this Federal Law shall also be applied (Garant 12048418) to the cases of bankruptcy, proceeding on which were initiated before the day of the coming of the said Federal Law into force (Garant 12048418).

END COMMENTARY

7. The meeting of creditors shall have the right to take a decision on addressing to a court of arbitration with a request for the approval by the administrative and external manager or the bankruptcy commissioner of a person performing the duties of a receiver during the bankruptcy procedure that precedes the introduction of financial recovery, external management or bankruptcy proceedings. In this case provided for by Items 1 - 6 85181.451 arbitration manager shall not be liable to use, and the arbitration court shall pass a ruling on the approval as an administrative and external manager or receiver of the candidature submitted by a meeting of creditors, provided that this candidature meets the
Article 46. Measures for Securing Creditors' Declared Claims

1. At the application of a person being party to a bankruptcy case the court of arbitration shall be entitled to take measures with a view to securing creditors' declared claims in compliance with the Arbitration Procedural Code of the Russian Federation.

2. Upon the institution of receivership, the court of arbitration shall be entitled to prohibit the conclusion of transactions, unless approved by the court of arbitration, not listed in Item 2 of Article 64 of the present Federal Law, apart from the measures set out in the Arbitration Procedural Code of the Russian Federation.

3. Measures for securing creditors' declared claims shall be effective until the date of the court of arbitration's ruling on the institution of receivership, refusal to accept the application, return of the application without consideration or termination of proceedings in the bankruptcy case.

4. At the petition of persons being party to the case the court of arbitration shall be entitled to revoke the measures for securing creditors' claims before the onset of the circumstances specified in Item 3 of the present article.

5. The ruling on measures for securing creditors' claims shall take its effect immediately and it shall be subject to appeal. An appeal of the said ruling shall not cause its suspension.

Article 47. The Debtor's Reply to an Application forDeclaring the Debtor Bankrupt

1. Within ten days after the receipt of a ruling on the acceptance of an application of a creditor or an application of an authorised body for declaring a debtor bankrupt, the debtor shall be entitled to forward a reply to such an application to the court of arbitration and also to the bankruptcy creditor or the authorised body (hereinafter referred to as "applicant"). The debtor's reply forwarded to the court of arbitration shall be accompanied with evidence of the fact that a copy of the reply has been sent to the applicant.

2. Apart from the information envisaged by the Arbitration Procedural Code, the court of arbitration shall contain an indication of the following:

   - the debtor's objections to the applicant's claims;
   - the sum total of the debtor's debt relating to obligations to creditors, wages/salaries of the debtor's employees and mandatory payments;
   - information on all the debtor's accounts in credit organisations;
   - proof of the lack of a ground for the applicant's claims if any.

In the debtor's reply forwarded to the applicant may be indicated other information relating to the consideration of the bankruptcy case.

Also, the debtor's petitions may be attached to the debtor's reply.

5. The lack of a reply from the debtor shall not impede the consideration of the bankruptcy case.

Article 48. Consideration of the Grounds for the Applicant's Claims to the Debtor

1. The arbitration court hearing dedicated to verification of the grounds of an applicant's claims to the debtor shall
be conducted by an arbitration court judge in the manner established by the Arbitration Procedural Code 12027526 features established by the present Federal Law.

2. The arbitration court judge shall notify of the time and place of the court hearing the person which forwarded an application for declaring the debtor bankrupt, the debtor, the declared selfregulating organisation and the regulation body whose non-attendance shall not impede the consideration of the issue of instituting receivership.

3. According to the results of consideration of grounds for the applicant's claims against the debtor, the court of arbitration shall issue one of the following rulings:

   on declaring the applicant's claims as having good grounds and on instituting receivership;

   on refusing to institute receivership and dismissing the application;

   on refusing to institute receivership and terminating the proceedings in the bankruptcy case.

The said rulings shall be subject to appeal in the manner established by the present Federal Law.

A ruling on instituting receivership shall be issued in case when the applicant's claim complies with the terms established by Item 2 of Article 33 85181.332 satisfied by the debtor as of the date of the arbitration court hearing.

A ruling on refusing the institution of receivership and dismissing an application for declaring a debtor bankrupt shall be issued in case when in the arbitration court hearing the claim of the person which filed the application for declaring the debtor bankrupt was declared without ground, or the lack of at least one of the terms set out in Item 2 of Article 33 of the present Federal Law was established, given the existence of an application filed by another creditor.

A ruling on refusing to institute receivership and terminating proceedings in a bankruptcy case shall be issued by the court of arbitration if there are no applications by other creditors for declaring the debtor bankrupt in case when as of the date of the arbitration court hearing dedicated to consideration of an application for declaring the debtor bankrupt the claim of the person which filed the application for declaring the debtor bankrupt has been satisfied or if the claim of such a creditor has been recognised without ground, or the lack of at least one of the terms set out in Item 2 of Article 33 of the present Federal Law has been established.

BEGIN COMMENTARY:

On Some Questions of the Initiation of Cases of Bankruptcy, see Circular Letter 12047148 2006

END COMMENTARY

4. If the court of arbitration recognises the applicant's claims as having good grounds and institutes receivership the claims of the other applicants shall be considered in the manner specified in Article 71 of the present Federal Law.

If the applicant's claims are recognised to be without ground when there exist other creditors' applications for declaring the debtor bankrupt the court of arbitration shall consider the grounds for the claims of these creditors in the manner envisaged by the present article.

Article 49. Ruling on the Institution of Receivership

1. A ruling on the institution of receivership shall be issued by the arbitration court judge at his/her own discretion.

2. The ruling of a court of arbitration on the institution of receivership shall contain a reference to:

   the recognition of the applicant's claims as well grounded and to the institution of receivership;
the approval of an interim receiver;
the rate of remuneration of the interim receiver and the source thereof.

BEGIN COMMENTARY:

See Decision (Garant 12038456) of the Plenary Session of the Higher Arbitration Court of the Russian Federation No. 29 of December 15, 2004

END COMMENTARY

3. If no interim receiver nominee can be designated when the ruling on the institution of receivership is being issued, the court of arbitration shall issue a ruling on the postponement of hearing of interim receiver approval by a term not exceeding 15 days from the date of the ruling on the institution of receivership.

4. The ruling on the institution of receivership and also the ruling on the approval of an interim receiver shall take effect immediately.

The said rulings shall be subject to appeal. The appeal of the said rulings shall not cause a suspension thereof.

Article 50. Preparation of a Bankruptcy Case for a Court Hearing

1. A bankruptcy case shall be prepared for a court hearing by an arbitration court judge in the manner envisaged by the Arbitration Procedural Code 12027526.14000 features established by the present Federal Law.

2. While preparing cases for court hearings the court of arbitration shall examine the applications, complaints and petitions of the persons being party to the bankruptcy case, establish the availability of good grounds for creditors’ claims in the manner specified in Article 71 of the present Federal Law, exercise the other powers envisaged by the present Federal Law.

3. At the petition of persons being party to the bankruptcy case the court of arbitration may order an expert examination with a view to revealing evidence of fraudulent or deliberate bankruptcy.

4. While preparing a case for a court hearing the arbitration court judge may take measures for achieving a voluntary arrangement between the parties. The taking of such measures shall not serve as a ground for suspending proceedings in the bankruptcy case.

Article 51. The Term for Consideration of a Bankruptcy Case

A bankruptcy case shall be considered at an arbitration court hearing within a term not exceeding seven months after the receipt by the court of arbitration of the application for declaring a debtor bankrupt.

Article 52. The Powers of an Arbitration Court

1. According to the results of consideration of a bankruptcy case the court of arbitration shall adopt one of the below court decisions:

   a decision to declare the debtor bankrupt and to open liquidation proceedings;
   a decision to refuse declaring the debtor bankrupt;
   a ruling on the institution of financial rehabilitation;
   a ruling on the institution of external administration;
a ruling on terminating the proceedings in the bankruptcy case;

a ruling on dismissing the application for declaring the debtor bankrupt;

a ruling on approving a voluntary arrangement.

2. The court decisions envisaged by Item 1 of the present article and also the other court decisions envisaged by the present Federal Law shall take effect immediately, except as otherwise established by the present Federal Law.

Article 53. The Decision to Declare the Debtor Bankrupt and to Open Liquidation Proceedings

1. The decision of the court of arbitration to declare the debtor bankrupt and to open liquidation proceedings shall be adopted in cases when the evidence of the debtor's bankruptcy set out in Article 3 of the present Federal Law has been discovered, given the lack of grounds for dismissing the application for declaring the debtor bankrupt, for instituting financial rehabilitation, external administration, approving a voluntary arrangement or terminating proceedings in the bankruptcy case.

2. The decision of the court of arbitration to declare a debtor as being a bankrupt legal person and to institute liquidation proceedings shall contain a reference to:

the recognition of the debtor as bankrupt;

the institution of liquidation proceedings.

3. The decision of the court of arbitration to declare a debtor being an individual entrepreneur bankrupt shall contain a reference to the recognition as invalid of the debtor's state registration as an individual entrepreneur.

4. The decision of a court of arbitration to declare a debtor bankrupt and to institute liquidation proceedings shall be subject to appeal.

5. At the petition of a creditors' meeting or administrator in the cases specified in the present Federal Law the court of arbitration shall be entitled to issue a ruling on terminating liquidation proceedings and switching to receivership.

The ruling of the court of arbitration on terminating liquidation proceedings and switching to receivership shall be subject to appeal. An appeal in respect of this ruling shall not suspend its execution.

Article 54. Publication of Information on the Court Decisions of a Court of Arbitration

1. Information on the issuance of a ruling on instituting receivership, instituting financial rehabilitation, instituting external administration, terminating proceedings in the bankruptcy case, approving, removing or releasing an arbitration insolvency practitioner, the adoption of a decision on declaring a debtor bankrupt and instituting liquidation proceedings, a decision on revoking or amending the said decisions shall be published in the manner established by Article 28 of the present Federal Law.

Within three days after the receipt of a specific court decision the arbitration insolvency practitioner shall forward the information subject to publication to the address of the body designated according to Article 28 of the present Federal Law. Payment for the publication of such information shall be effected at the expense of the debtor. If the debtor lacks funds, payment for the publication of such information shall be effected by the arbitration insolvency practitioner as involving a subsequent reimbursement of the said funds at the debtor's expense.

2. The information forwarded for publication under the present Federal Law shall be published within ten days after the receipt thereof.
3. Information on the court decisions issued by a court of arbitration may be published in other mass media.

Article 55. The Court of Arbitration's Decision to Refuse Declaring a Debtor Bankrupt

The decision of a court of arbitration to refuse declaring a debtor bankrupt shall be adopted in the case of:

lack of the evidence of bankruptcy envisaged by Article 3 of the present Federal Law;

discovery of a fraudulent bankruptcy;

in other cases specified by the present Federal Law.

Article 56. The Consequences of Adoption of a Decision to Refuse Declaring a Debtor Bankrupt by the Court of Arbitration

The adoption of a decision by a court of arbitration to refuse declaring a debtor bankrupt shall serve as a ground for terminating the effect of all the limitations envisaged by the present Federal Law and being the consequence of the adoption of a declaration of the bankrupt debtor and/or the institution of receivership.

Article 57. Grounds for Terminating Proceedings in a Bankruptcy Case

1. The arbitration court shall terminate proceedings in a bankruptcy case if:

the debtor's solvency is restored in the course of financial rehabilitation 85181.20013

the debtor's solvency is restored in the course of external administration 85181.20014

a voluntary arrangement is concluded;

the applicant's claims deemed a ground for opening the bankruptcy case were recognised without ground in the course of receivership when there are no other claims of creditors that comply with the provisions of Article 6 of the present Federal Law and that are declared and recognised in the manner established by the present Federal Law;

all the creditors being party to the bankruptcy case waive their declared claims or claim for declaring the debtor bankrupt;

all claims of the creditors included in the register of creditors' claims have been satisfied during any bankruptcy proceeding;

liquidation is completed;

in the other cases envisaged by the present Federal Law.

2. In the cases envisaged by Item 1 of the present article the consequences of termination of proceedings in a bankruptcy case established by Article 56 of the present Federal Law shall be applicable.

Article 58. Suspension of Proceedings in a Bankruptcy Case

1. Bankruptcy case proceedings may be suspended upon the petition of a person being party to the bankruptcy case if:

an appeal is made against the court decisions, as specified in Article 52 of the present Federal Law;
an appeal is made against decisions of a creditors' meeting (creditors' committee);

in the other cases envisaged by the Arbitration Procedural Code (Garant 12027526) of the Russian Federation.

2. In case of suspension of proceedings in a bankruptcy case the court of arbitration shall not be entitled to adopt
the court decisions envisaged in Article 52 of the present Federal Law.

3. The suspension of case proceedings shall not impede the issuance of other rulings envisaged by the present
Federal Law and also the committal of the other actions envisaged by the present Federal Law by the arbitration
insolvency practitioner and other persons taking part in the bankruptcy case.

Article 59. Allocation of Court Expenses and Expenses for Disbursement or Remuneration to Arbitration
Insolvency Practitioners

1. Except as otherwise envisaged by the present Federal Law or an agreement with creditors, all court expenses, in
particular those incurred as payment of state duty on which a grace period or an instalment payment schedule was
granted, expenses towards the publication of information in the manner established by Article 28 of the present Federal
Law and also expenses towards the disbursement of remuneration to arbitration insolvency practitioners and payment
for the services of persons recruited by arbitration insolvency practitioners with a view to performing their activity shall
be borne at the expense of the debtor's property and shall be reimbursed at the expense of the property as top priority.

A voluntary arrangement may envisage another procedure for the distribution of the said expenses.

2. If, according to the results of consideration of whether there are good grounds for creditors' claims, the court of
arbitration issued a ruling on denying the institution of receivership and on dismissing the application or on denying the
institution of receivership and on terminating proceedings in the case, except for meeting the claims of the applicant
after the filing of an application for declaring a debtor bankrupt, which are specified in Item 1 of the present article,
expenses are to be borne by the applicant that filed an application of a creditor with the court of arbitration. If the
application was filed in the manner established by Item 5 of Article 39 of the present Federal Law the expenses
specified in Item 1 of the present article shall be distributed among the applicants in proportion to the amounts of their
claims.

3. If the debtor lacks funds sufficient for the payment of the expenses specified in Item 1 of the present article the
applicant shall pay the said expenses in as much as it concerns the portion that has not been paid at the expense of the
debtor's property.

4. The procedure for distribution of court expenses and expenses towards the disbursement of remuneration to
arbitration insolvency practitioners shall be established in a decision of the court of arbitration or in a ruling of the court
of arbitration adopted according to the results of consideration of the bankruptcy case.

Article 60. Consideration of Disagreements, Applications, Petitions and Complaints in a Bankruptcy Case

1. The applications and petitions of an arbitration insolvency practitioner, in particular those concerning
disagreements arising between him/her and creditors, and in the cases specified by the present Federal Law, between
him/her and the debtor, the complaints of creditors concerning infringements of their rights and legal interests shall be
considered in an arbitration court hearing within one month after the receipt of the said applications, petitions and
complaints, except as otherwise established by the present Federal Law.

The said applications, petitions and complaints shall be considered by a single judge.

According to the results of consideration of the said applications, petitions and complaints the court of arbitration
shall issue a ruling.
This ruling shall be subject to appeal in the manner and within the term established by the present Federal Law.

2. The procedure and term established by Item 1 of the present article shall be applicable upon the consideration of a disagreement between an arbitration insolvency practitioner and citizens for whose benefit a court decision is made on the collection of damages for harm inflicted to life or health and also between an arbitration insolvency practitioner and a representative of the debtor's employees in the cases specified in Item 11 of Article 16 of the present Federal Law.

3. The procedure and term established by Item 1 of the present article shall be applicable upon the consideration of a complaint of a representative of the debtor's promoters (stakeholders), a representative of the owner of property of the debtor being a unitary enterprise and other persons participating in the arbitration process in a bankruptcy case, in respect of the actions of an arbitration insolvency practitioner, the decision of a creditors' meeting or creditors' committee that infringe on the rights and legal interests of the debtor's promoters (stakeholders) and the owner of property of the debtor being a unitary enterprise.

4. The applications and complaints lodged by persons not having a right of appeal or lodged in breach of the procedure established by the present article shall be subject to return.

5. The rulings of a court of arbitration not envisaged by the Arbitration Procedural Code (Garant 12027526) of the Russian Federation shall be appealed in the manner established by the present Federal Law.

Article 61. The Procedure for Reviewing Rulings of a Court of Arbitration Issued on the Results of Consideration of Disagreements in a Bankruptcy Case

1. The arbitration court rulings issued according to the results of consideration by a court of arbitration of applications, petitions and complaints in the manner established by Articles 50, 71 and 100 of the present Federal Law may be appealed in accordance with the procedure established by the Arbitration Procedural Code of the Russian Federation with due regard to the features envisaged by the present article.

2. The rulings setting the amount of creditors' claims may be appealed in accordance with the Arbitration Procedural Code (Garant 12027526) of the Russian Federation. When such cases are examined by higher courts the court of arbitration that issued the ruling shall forward to the creditors in the manner specified by the Arbitration Procedural Code of the Russian Federation only those bankruptcy case materials that are directly related to the dispute of the debtor and the creditor(s) as to the establishment of the presence of good grounds, the amount and priority ranking of the claims.

3. The other arbitration court rulings adopted within the framework of a bankruptcy case but not envisaged by the Arbitration Procedural Code of the Russian Federation and not subject to appeal in a manner established specifically for them may be appealed in accordance with the appellate procedure within 14 days after the time they are issued. According to the results of consideration of a complaint the appellate court shall issue a decision within 14 days, this decision being deemed final. An appeal in respect of such rulings to an appellate court shall not impede procedural actions in the bankruptcy case and shall not serve as a ground for suspending the effect thereof.

Chapter IV. Receivership

Article 62. Instituting Receivership

1. Except as otherwise envisaged by the present Federal Law, receivership shall be instituted according to the results of consideration by a court of arbitration of the availability of good grounds for the applicant's claims, in the manner envisaged by Article 48 of the present Federal Law.

2. In the event of an opening of a bankruptcy case upon the application of a debtor, receivership shall be instituted
as of the date when the court of arbitration accepts the debtor's application for proceedings, except for cases when another bankruptcy proceeding is to be applied to the debtor under the present Federal Law. In the event of an opening of a bankruptcy case upon the application of a debtor, an indication of the institution of receivership shall be made in the ruling on acceptance of the debtor's application.

3. Receivership shall be completed with account taken of the term for consideration of a bankruptcy case set out by Article 51 of the present Federal Law.

Article 63. The Consequences of a Ruling on the Institution of Receivership Issued by a Court of Arbitration

1. The following consequences shall emerge as of the date of issuance of a ruling on the institution of receivership by a court of arbitration:

   - the creditors' claims relating to the monetary obligations and mandatory payments which are due as of the date when the receivership is instituted can be presented to the debtor only in compliance with the procedure for presenting claims to a debtor established by the present Federal Law;
   
   - upon the petition of a creditor proceedings shall be suspended in cases relating to the collection of amounts of money from a debtor. In this case the creditor shall be entitled to present his/her claims to the debtor in the manner established by the present Federal Law;
   
   - execution of writs of execution relating to property collection shall be suspended; in particular, the debtor's property seizure shall be lifted as well as other restrictions as to the disposal of the debtor's property imposed during the execution proceedings, except for the writs of execution issued under court decisions that have become final and which concern collection of debt owing as wages, royalties under copyright contracts, demanding and obtaining property from another's illegal possession, compensation for harm inflicted to life or health, compensation for moral harm. The ground for suspending the execution of writs of execution shall be a ruling of a court of arbitration on the institution of receivership;
   
   - it shall be prohibited to meet the claims of the debtor's promoter (stakeholder) for the partition of participatory share (stake) in the debtor's property in connection with ceasing to be a promoter (stakeholder), purchase by the debtor of floated shares or disbursement of the actual value of a participatory share (stake);
   
   - it shall be prohibited to disburse dividends and other payments on issue securities;
   
   - it shall be prohibited to discharge the debtor's monetary obligations by means of offsetting a homogenous counterclaim if in this case the priority ranking of creditors' claims established by Item 4 of Article 134.85181.1344

2. For the purposes of ensuring the onset of the consequences envisaged by Item 1 of the present article the court of arbitration's ruling on the institution of receivership shall be forwarded by the court of arbitration to the credit organisations with which the debtor has concluded a bank account contract and also to the general jurisdiction court, the chief bailiff at the location of the debtor and the debtor's branches and representative offices and to authorised bodies.

Article 64. Debtor's Limitations and Duties during Receivership

1. The institution of receivership shall not be deemed a ground for removing the head of the debtor and other managerial bodies of the debtor, which shall keep exercising their powers subject to the limitations established by Items 2 and 3 of the present article.

2. Except for the cases expressly stated by the present Federal Law, the debtor's managerial bodies may execute, exclusively with the consent of the interim receiver in writing, deals or several interrelated deals:

   - relating to the acquisition, alienation or possibility of alienation, directly or indirectly, of the debtor's property of
which the balance sheet value makes up over five per cent of the balance sheet value of the debtor's assets as of the date of institution of receivership;

relating to the receipt and granting of loans (credits), granting of a suretyship and guarantee, claim assignment, debt assignment and also the institution of a trust in respect of the debtor's property.

3. The debtor's managerial bodies shall not be entitled to adopt decisions on:

the organisation (merger, accession, division, separation, transformation) and liquidation of the debtor;

the formation of legal persons or the debtor's interest in other legal persons;

the formation of branches and representative offices;

the disbursement of dividends or distribution of the profit of the debtor among the debtor's promoters (stakeholders);

the floatation of bonds and other issue securities by the debtor, except for shares;

somebody's ceasing to be a promoter (stakeholder) of a debtor, on the acquisition of the shares issued earlier from shareholders;

participation in associations, unions, holding companies, financial and industrial groups and other associations of legal persons;

the conclusion of a contract of simple partnership.

4. Within ten days after the issuance of a ruling on the institution of receivership the head of the debtor shall propose to the debtor's promoters (stakeholders) to hold a general meeting of the debtor's promoters (stakeholders), and to the owner of the debtor being a unitary enterprise, to consider issues concerning the making of a proposal to the first meeting of the debtor's creditors to institute financial rehabilitation in respect of the debtor, to effect an additional issue of shares and on other issues envisaged by the present Federal Law.

5. The debtor shall be entitled to increase its authorised capital by means of a public-subscription flotation of additional ordinary shares at the expense of additional contributions of its promoters (stakeholders) and third persons in the manner established by federal laws and the debtor's constitutive documents. In this case the state registration of a report on the results of an issue of additional ordinary shares and amendments to the debtor's constitutive documents shall be effected before the date of the court hearing dedicated to consideration of the bankruptcy case.

Article 65. The Interim Receiver

1. The interim receiver shall be approved by a court of arbitration in the manner set out in Article 45 of the present Federal Law.

2. The ruling of a court of arbitration whereby an interim receiver is approved shall specify the size of his/her remuneration set by the court of arbitration.

Later, the size of remuneration of the interim receiver may be increased by the court or arbitration on the basis of a decision of the creditors' meeting.

3. The interim receiver may be released from the duties of an interim receiver by a court of arbitration:

in connection with the fact that the court of arbitration has satisfied the complaint of the person deemed party to the
bankruptcy case on the interim receiver's default on or improper performance of the duties vested therein, on the fact that such default or improper performance of the duties infringed upon the applicant's rights or legal interests, and that it has caused or could cause losses to the debtor or the debtor's creditors;

in the case of discovery of circumstances obstructing the approval of the person as interim receiver, in particular in case when such circumstances have occurred after the person was approved as interim receiver;

in other cases specified by federal law.

Article 66. The Rights of the Interim Receiver

1. The interim receiver shall be entitled to:

lodge a demand with a court of arbitration in his/her name for declaring as null and void deals and decisions, and also a demand for the application of consequences for the invalidity of null and void deals concluded or accomplished by the debtor in breach of the provisions of Articles 63 and 64 of the present Federal Law;

lodge objections to creditors' claims in cases specified by the present Federal Law;

attend arbitration court hearings dedicated to verification of the presence of a good ground for the debtor's lodged objections to creditors' claims;

file a petition with a court of arbitration for the taking of additional measures for preserving the debtor's property, in particular, for an injunction on the accomplishment of deals without the consent of the interim receiver as envisaged by Item 2 of Article 64 of the present Federal Law;

file a petition with a court of arbitration for the removal of the head of the debtor;

obtain any information and documents concerning the debtor's activity;

exercise other powers established by the present Federal Law.

2. The debtor's managerial bodies shall provide the interim receiver on his/her request with all information concerning the debtor's activity.

Article 67. The Duties of an Interim Receiver

1. The interim receiver shall:

take measures for preserving the property of the debtor;

analyse the financial state of the debtor;

reveal the debtor's creditors;

keep a register of creditors' claims, except for the cases specified by the present Federal Law;

notify the creditors of the institution of receivership;

convene and hold the first meeting of creditors.

2. Upon the termination of receivership but not later than five days prior to the set date of arbitration court meeting specified in the ruling of the court of arbitration on the institution of receivership the interim receiver shall file the following with the court of arbitration: a report on his/her activities, information on the debtor's financial state and
proposals as to the possibility/ impossibility of restoring the debtor's solvency, the minutes of the first creditors' meeting together with the documents specified in Item 7 of Article 12 of the present Federal Law.

Article 68. Notice of the Institution of Receivership

1. The interim receiver shall send an advertisement of the institution of receivership in the manner specified in Article 28 of the present Federal Law within the term set by Article 54 of the present Federal Law.

2. Within 14 days after the publication of the advertisement of the institution of receivership the interim receiver shall notify all the debtor's creditors she/he has managed to find, except for the creditors to which the debtor is liable for the infliction of a harm to life or health, moral harm, performance of the duty to pay severance benefits and wages for the benefit of persons working under a labour contract, performance of the duty to pay royalties under copyright contracts, about the fact that the court of arbitration has issued a ruling on the institution of receivership.

3. The head of the debtor shall notify the following persons of the fact that the court of arbitration has issued a ruling on the institution of receivership within ten days after the date of issuance of the ruling: the debtor's employees, the debtor's promoters (stakeholders), the owner of property of the debtor being a unitary enterprise.

4. The announcement of the institution of receivership shall contain the following:

the name of the debtor being a legal person or the full name of the debtor being a natural person as well as the address thereof;

the name of the court of arbitration that issued the ruling on the institution of receivership, the date of the ruling and the number of the bankruptcy case;

the full name of the approved interim receiver and his/her address for correspondence;

the date of the court hearing dedicated to the bankruptcy case as set by the court of arbitration.

Article 69. Removal of the Head of a Debtor

1. The court of arbitration shall remove the head of a debtor on a petition of the interim receiver in the case of violation of provisions of the present Federal Law.

2. When the interim receiver files a petition with a court of arbitration for the removal of the head of the debtor, the interim receiver shall file copies of the petition to the head of the debtor, the representative of the debtor's promoters (stakeholders) or another collective managerial body of the debtor, or the head of the owner of property of the debtor being a unitary enterprise.

3. The court of arbitration shall issue a ruling on the consideration of a court hearing of the interim receiver's petition for removal of the head of the debtor and shall notify the representative of the debtor's promoters (stakeholders) or another collective managerial body of the debtor or the representative of the owner of property of the debtor being a unitary enterprise of the date of the hearing and of the need for presenting a nominee to the court to the position of acting head of the debtor for the duration of the receivership term.

4. If the court of arbitration satisfies the petition of the interim receiver for removing the head of the debtor the court of arbitration shall issue a ruling on the removal of the head of the debtor and on vesting the duties of head of the debtor in the person presented as nominee to the position of head of the debtor by the representative of the debtor's promoters (stakeholders) or another collective managerial body of the debtor, the representative of the owner of property of the debtor being a unitary enterprise in the case of non-presentation by the said persons of a nominee to the position of acting head of the debtor - in one of the deputies of the head of the debtor, or in the case of lack of deputy heads - in one of the employees of the debtor.
5. On the petition of the interim receiver the court of arbitration may remove an acting head of the debtor in case of violation of provisions of the present Federal Law. In this case responsibility for executing the duties of the head of the debtor shall be vested in the person presented as a nominee to the position of head of the debtor in the manner specified in Item 4 of the present article, or in the case of non-presentation of a nominee - in one of the deputies of the head of the debtor, or in the case of a lack of deputy heads of the debtor - in one of the employees of the debtor.

At the application of the interim receiver the court of arbitration may prohibit the acting head of the debtor to accomplish certain deals and actions or to accomplish them without the consent of the interim receiver.

Article 70. Analysis of the Debtor's Financial State

1. The analysis of a debtor's financial state shall be performed with a view to assess the value of the property the debtor has to cover court expenses, expenses towards the disbursement of remuneration to arbitration insolvency practitioners and also with a view to assessing the possibility/impossibility of restoration of the debtor's solvency in the manner and within the term established by the present Federal Law.

BEGIN COMMENTARY:

See the Rules (Garant 12031539) of Conducting Financial Analysis by Arbitration Managers, endorsed by Decision (Garant 12031539) of the Government of the Russian Federation No. 367 of June 25, 2003

END COMMENTARY

2. On the basis of analysis of the debtor's financial state, in particular the results (if any) of stock-taking of the debtor's property, and analysis of the documents certifying state registration of ownership rights, the interim receiver shall prepare proposals concerning the possibility/impossibility of restoration of the debtor's solvency, and a feasibility study concerning the institution of further bankruptcy proceedings.

3. If, according to the results of the analysis of the debtor's financial state, it is established that the value of the property the debtor has is insufficient for covering court expenses the creditors shall be entitled to adopt a decision to institute external administration only upon the determination of sources for covering court expenses.

If the creditors did not determine a source for covering court expenses or if at the expense of the source they have determined they cannot be covered, the creditors which voted for the institution of external administration shall be solidarily liable for covering the said expenses.

Article 71. Establishing the Amount of Creditors' Claims

1. For the purposes of attending the first creditors' meeting the creditors shall be entitled to present their claims to the debtor within 30 days after the date of publication of the advertisement of the institution of receivership. The said claims shall be forwarded to the court of arbitration, the debtor and the interim receiver together with the court decision or other documents confirming the availability of a good ground for these claims. The said claims shall be included in the register of creditors' claims on the basis of a ruling of the court of arbitration on the inclusion of the said claims in the register of creditors' claims.

2. The debtor, the interim receiver and creditors which presented their claims to the debtor, a representative of the debtor's promoters (stakeholders) or a representative of the owner of the debtor being a unitary enterprise may lodge their objections to creditors' claims with the court of arbitration within 15 days after the expiry of the claim presentation term set for creditors.

3. If objections to creditors' claims exist the court of arbitration shall verify the availability of good grounds for the claims and for the inclusion of the said claims in the register of creditors' claims.
4. The creditors' claims to which objections have been received shall be considered in an arbitration court hearing. A ruling shall be issued according to the results of the consideration on including/refusing to include the said claims in the register of creditors' claims. The court of arbitration's ruling on including the claims in the register of creditors' claims shall comprise the number and priority ranking of these claims.

5. The creditors' claims to which no objections have been received shall be examined by the court of arbitration for the purpose of verifying the availability of good grounds for them and of grounds for including them in the register of creditors' claims. According to the results of such a consideration the court of arbitration shall issue a ruling on including/refusing to include the claims in the register of creditors' claims. The said claims may be considered without the invitation of persons deemed party to the case.

The ruling on including/refusing to include creditors' claims in the register of creditors' claims shall take effect immediately and it is subject to appeal. The ruling on including/refusing to include creditors' claims shall be forwarded by the court of arbitration to the debtor, the arbitration insolvency practitioner and the creditor which has presented the claims and to the registrar.

6. When it is necessary to complete the consideration of creditors' claims presented within the established term, the court of arbitration may instruct the interim receiver to postpone the first creditors' meeting.

7. The creditors' claims presented upon the expiry of the claim presentation term envisaged by Item 1 of the present article shall be subject to consideration by the court of arbitration after the institution of a procedure following the receivership procedure.

Article 72. Convocation of the First Creditors' Meeting

1. The interim receiver shall set the date of the first creditors' meeting and notify accordingly all the revealed bankruptcy creditors, authorised bodies, the representative of the debtor's employees and other persons entitled to attend the first creditors' meeting. Notification of the first creditors' meeting shall be carried out by the interim receiver in the manner and within the term envisaged by Article 14 of the present Federal Law.

The first creditors' meeting shall be held at least ten days prior to the date of termination of the receivership.

2. The following shall be deemed participants in the first creditors' meeting with voting rights: the bankruptcy creditors and the authorised bodies whose claims were presented in the manner and within the term envisaged by Item 1 of Article 71 of the present Federal Law and included in the register of creditors' claims.

3. The following shall attend the first creditors' meeting without voting right: the head of the debtor, the representative of the debtor's promoters (stakeholders) or the representative of the owner of property of the debtor being a unitary enterprise and the representative of the debtor's employees. The absence of these persons shall not be deemed a ground for recognising the first creditors' meeting invalid.

Article 73. The Competence of the First Creditors' Meeting

1. The competence of the first creditors' meeting shall include the following:

   the adoption of a decision to institute financial rehabilitation and file a petition to this effect with the court of arbitration;

   the adoption of a decision to institute external administration and file a petition to this effect with the court of arbitration;

   the adoption of a decision to file a petition with the court of arbitration for declaring the debtor bankrupt and for commencing winding-up procedure;
the formation of a creditors' committee, the determination of the number of members and the powers of the creditors committee, and the election of members of the creditors' committee;

the setting of qualification standards applicable to the administrative receiver, the receiver, and the administrator nominees;

the choosing of the self-regulating organisation to present the arbitration insolvency practitioner nominees to the court of arbitration;

the choosing of a registrar from among the registrars accredited by the self-regulating organisation;

the making of decisions on other issues specified by the present Federal Law.

2. A creditors' meeting that has decided to file a petition with a court of arbitration for the institution of financial rehabilitation, external administration or the declaration of the debtor bankrupt and the institution of winding-up procedure shall be entitled to formulate qualification standards to be applied to administrative receiver, receiver and administrator nominees and to forward a request for such nominees to a self-regulating organisation.

Article 74. The Decision of the First Creditors' Meeting on the Use of Bankruptcy Proceedings

1. The decision of the first creditors' meeting on the institution of financial rehabilitation shall contain a proposed financial rehabilitation term, approved financial rehabilitation plan and debt repayment schedule and it may also contain qualification standards applicable to an administrative receiver nominee.

2. The decision of the first creditors' meeting on the institution of external administration shall contain a proposed external administration term and it may also contain qualification standards applicable to a receiver nominee.

3. The decision of the first creditors' meeting on filing a petition with the court of arbitration for declaring the debtor bankrupt and instituting winding-up procedure may also contain a proposed winding-up term and qualification standards applicable to an administrator nominee.

4. The decision of the first creditors' meeting on concluding a voluntary arrangement shall contain the information specified in Article 151 85181.151

Article 75. The Termination of Receivership

1. Except as otherwise established by the present article, the court of arbitration acting on the basis of a decision of the first creditors' meeting shall issue a ruling on the institution of financial rehabilitation or external administration, or shall adopt a decision to declare the debtor bankrupt and to commence winding-up procedure or shall approve a voluntary arrangement and terminate proceedings in the bankruptcy case.

2. If the first creditors' meeting did not adopt a decision to apply any of the bankruptcy proceedings, the court of arbitration shall postpone the case hearing within the term set by Article 51 of the present Federal Law and shall obligate the creditors to have adopted an appropriate decision by the date set by the court of arbitration.

If the case hearing cannot be postponed within the term set by Article 51 of the present Federal Law, the court of arbitration shall:

issue a ruling on the institution of financial rehabilitation if there exists a petition of the debtor's promoters (stakeholders), the owner of property of the debtor being a unitary enterprise, an authorised state body or a third person or third persons, on the condition that security is provided for the performance of the debtor's obligations in keeping with a debt repayment schedule in an amount that must exceed at least by 20 per cent of the amount of the debtor's obligations included in the register of creditors' claims as of the date of the court hearing. In this case the debt
relegation schedule shall envisage the beginning of debt repayment within one month after the arbitration court's ruling on the institution of financial rehabilitation and the satisfaction of the creditors' claims on a monthly pro rata basis in equal installments within one year after the date of commencement of satisfaction of the creditors' claims;

if no grounds exist for the institution of financial rehabilitation as envisaged by the present article, the court of arbitration shall issue a ruling on the institution of external administration if the court of arbitration has sufficient grounds for believing that the debtor's solvency can be restored;

if there exists bankruptcy evidence established by the present Federal Law and if no grounds exist for instituting financial rehabilitation and external administration as envisaged by the present article, the court of arbitration shall adopt a decision whereby the debtor is declared bankrupt and the winding-up procedure is commenced.

3. If the first creditors' meeting adopts a decision to file a petition with the court of arbitration for the institution of external administration and for the declaration of the debtor as bankrupt and commencement of winding-up procedure, the court of arbitration may issue a ruling on the institution of financial rehabilitation on the condition that a petition is filed by the debtor's promoters (stakeholders), the owner of property of the debtor being a unitary enterprise, an authorised state body and also by a third person or third persons and that a bank guarantee is provided as a security for the performance of the debtor's obligations in keeping with a debt repayment schedule. The amount for which the bank guarantee is granted shall exceed by at least 20 per cent the amount of the debtor's obligations included in the register of creditors' claims as of the date of the first creditors' meeting. In this case the debt repayment schedule shall envisage the beginning of debt repayment within one month after the arbitration court's ruling on the institution of financial rehabilitation and the satisfaction of the creditors' claims on a monthly pro rata basis in equal instalments within one year after the date of commencement of satisfaction of the creditors' claims.

The receivership shall be terminated as of the date of institution of financial rehabilitation, external administration, or declaration of the debtor bankrupt by the court of arbitration and commencement of the winding-up procedure or approval of a voluntary arrangement.

If no administrative receiver, receiver or administrator has been approved simultaneously with the institution of a specific proceeding, and also in the necessary cases, the court of arbitration shall vest the duties of a relevant arbitration insolvency practitioner in the interim receiver and obligate the interim receiver to hold a creditors' meeting for the purpose of considering the issue of choosing the self-regulating organisation from among whose members an administrative receiver, receiver or administrator is to be approved and setting qualification standards applicable to such insolvency practitioner.

Chapter V. Financial Rehabilitation

Article 76. Petition for the Institution of Financial Rehabilitation

1. During receivership the debtor, acting on the basis of the debtor's promoters (stakeholders), the body authorised by the owner of property of the debtor being a unitary enterprise and a third person or third persons shall be entitled to address a petition for the institution of financial rehabilitation to the first creditors' meeting, and in the cases specified by the present Federal Law, to the court of arbitration in the manner established by the present Federal Law.

2. While addressing a petition for the institution of financial rehabilitation to a creditors' meeting the persons which decided to write such a petition shall file the said petition and the documents attached thereto with the interim receiver and the court of arbitration within 15 days after the date of the creditors' meeting.

The interim receiver shall provide the creditors with an opportunity of getting acquainted with the said documents.

Article 77. Petition of Promoters (Stakeholders) of a Debtor or of the Owner of a Debtor Being a Unitary Enterprise for the Institution of Financial Rehabilitation
1. The decision to present a petition for the institution of financial rehabilitation to the first creditors' meeting shall be adopted by the general meeting by a majority vote of the debtor's promoters (stakeholders) that attended the said meeting or the body authorised by the owner of property of the debtor being a unitary enterprise.

2. Upon the decision to present a petition for the institution of financial rehabilitation to the first creditors' meeting the general meeting of the debtor's promoters (stakeholders), the body authorised by the owner of property of the debtor being a unitary enterprise shall be entitled to terminate before the due date the powers of the head of the debtor and elect (appoint) a new head of the debtor.

3. The debtor's promoters (stakeholders) which have voted for the adoption of the decision to present a petition to the first creditors' meeting for the institution of financial rehabilitation shall be entitled to provide security for the debtor's performing the debtor's obligations in compliance with a debt repayment schedule in the manner and in the amount envisaged by the present Federal Law or to arrange for the provision of such a security.

4. The decision to address a petition for the institution of financial rehabilitation to the first creditors' meeting shall contain the following:

   information on the security offered by the debtor's promoters (stakeholders), the owner of property of the debtor being a unitary enterprise for the debtor's performing the debtor's obligations in compliance with a debt repayment schedule;

   the financial rehabilitation term and the term for meeting the creditors' claims proposed by the debtor's promoters (stakeholders), the owner of property of the debtor being a unitary enterprise.

5. The following shall be attached to the decision to present a petition for the institution of financial rehabilitation to the first creditors' meeting:

   a financial rehabilitation plan;

   a debt repayment schedule;

   the minutes of the general meeting of the debtor's promoters (stakeholders) or the decision of the body authorised by the owner of property of the debtor being a unitary enterprise;

   a list of the debtor's promoters (stakeholders) which have voted for presenting a petition for the institution of financial rehabilitation to the meeting of creditors;

   if a security exists for the debtor's performing the debtor's obligations in compliance with a debt repayment schedule, information on the security offered by the debtor's promoters (stakeholders) or the owner of property of the debtor being a unitary enterprise for the debtor's performing the debtor's obligations in compliance with a debt repayment schedule;

   other documents required under the present Federal Law.

Article 78. Third Person's (Third Persons') Petition for the Institution of Financial Rehabilitation

1. By agreement with the debtor a petition for the institution of financial rehabilitation may be filed by a third person or third persons. The said petition shall contain information on the security offered by the third person(s) for the performance of the debtor's obligations in keeping with a debt repayment schedule.

2. The following shall be attached to a petition for the institution of financial rehabilitation:

   a debt repayment schedule signed by an authorised person;
documents on the security offered by third person(s) for the performance of the debtor's obligations in compliance with the debt repayment schedule.

When a petition for the institution of financial rehabilitation is addressed to a creditors’ meeting by several persons, in particular, debtor's promoters (stakeholders), security for the performance of the debtor's obligations under a debt repayment schedule provided by each of them shall be determined by an agreement between them to be attached to the petition. The said agreement shall envisage a solidary liability of the persons which concluded it.

Article 79. Security for a Debtor's Performing Obligations under a Debt Repayment Schedule

1. A security for a debtor's performing obligations under a debt repayment schedule may be provided in the form of a pledge (mortgage), bank guarantee, state or municipal guarantee, suretyship or other, as not being inconsistent with the present Federal Law.

2. A security for a debtor's performing obligations under a debt repayment schedule shall not be in the form of withholding, deposits or forfeits money.

The subject matter of the security for a debtor's performing obligations under a debt repayment schedule shall not be a property or rights in rem which were owned by the debtor or held in economic jurisdiction.

2. The rights and duties of the person(s) which provided security for the debtor's performing obligations under a debt repayment schedule shall result from the said security and they shall emerge as of the date when the court of arbitration issues its ruling on the institution of financial rehabilitation.

3. The agreement whereby a security is provided for a debtor's performing obligations under a debt repayment schedule shall be executed in writing within 15 days after the institution of financial rehabilitation and it shall be signed by the person(s) which provided the security and also by the interim receiver or administrative receiver in the interests of the creditors. In the said case the agreement on the provision of a security for the debtor's performing obligations under the debt repayment schedule shall be filed with the court within 20 days after the its conclusion.

4. The person(s) which provided security for a debtor's performing obligations under a debt repayment schedule shall be liable for the debtor's defaulting on the said obligations within the value of the property and rights in rem provided as the security for the debtor's performing the said obligations.

5. When a security is provided for a debtor's performing obligations under a debt repayment schedule in the form of a bank guarantee, the beneficiary shall be deemed the interim receiver or receiver 85181.20024 claims are subject to satisfaction under the approved debt repayment schedule.

When a security is provided for a debtor's performing obligations under a debt repayment schedule in the form of mortgage the state registration of the mortgage shall be effected within 45 days after the institution of financial rehabilitation under an arbitration court ruling on the institution of financial rehabilitation and the agreement for the provision of the security for the debtor's obligations in compliance with the debt repayment schedule.

6. The institution of new bankruptcy proceedings in respect of a debtor shall not be deemed a discharge of the obligation to provide security for the debtor's performing obligations under a debt repayment schedule.

Article 80. Procedure for Instituting Financial Rehabilitation

1. Financial rehabilitation shall be instituted by a court of arbitration on the basis of a decision of a creditors' meeting, except for the cases specified by Items 2 and 3 of Article 75 of the present Federal Law.

2. Simultaneously with the issuance of a ruling on the institution of financial rehabilitation, the court of arbitration shall approve an administrative receiver, except for the cases specified in Item 2 of Article 75 of the present Federal
3. The ruling on the institution of financial rehabilitation shall specify the financial rehabilitation term and it shall also include the debt repayment schedule approved by the court.

When a security is provided for the performance of obligations under a debt repayment schedule the ruling on the institution of financial rehabilitation shall contain information on the persons which have provided the security and on the rate and methods of the security.

4. The ruling of an arbitration court on the institution of financial rehabilitation shall take effect immediately.

5. The ruling of an arbitration court on the institution of financial rehabilitation shall be subject to appeal.

6. Financial rehabilitation shall be instituted for a term not exceeding two years.

Article 81. The Consequences of Institution of Financial Rehabilitation

1. The following consequences shall occur as of the date of issuance of a ruling on the institution of financial rehabilitation by a court of arbitration:

   creditors' claims relating to monetary obligations and mandatory payments which were due as of the date of institution of financial rehabilitation may be presented to the debtor only in compliance with the procedure for presenting a claim to the debtor established by the present Federal Law;

   measures for securing creditors' claims taken earlier shall be revoked;

   the property of the debtor may be seized, and other restrictions on the debtor in as much as it concerns the debtor's disposing of his/her/its property may be imposed exclusively within the framework of the bankruptcy process;

   performance under writs of execution relating to asset collection shall be suspended, except for performance under writs of execution issued on the basis of debt collection decisions that became final before the institution of financial rehabilitation and which are related to wages/salaries, royalties under copyright contracts, obtaining property from another's illegal possession, compensation for harm inflicted to life or health and compensation for moral harm;

   it shall be prohibited to meet claims of the debtor's promoter (stakeholder) for partition of a participatory share (stake) in the debtor's property in connection with ceasing to be a promoter (stakeholder), purchase by the debtor of floated shares or disbursement of the actual value of a participatory share (stake);

   it shall be prohibited to disburse dividends and other payments on securities;

   it shall be prohibited to discharge the debtor's monetary obligations by means of offsetting a homogenous counter claim if in this case the priority ranking of creditors' claims established by Item 4 of Article 134 85181.1344

   no accrual shall be effected of forfeit money (fines, penalties), payable interest and other financial sanctions for default on or improper performance of monetary obligations and mandatory payments that occurred before the institution of financial rehabilitation.

2. Interest shall be accrued on the sum of creditors' claims relating to monetary obligations and mandatory payments subject to satisfaction under a debt repayment schedule, in the manner and at the rate established by Item 2 of Article 95 of the present Federal Law.

The interest specified in this item shall be subject to accrual on the sum of the creditor's claims from the date of issuance of the ruling on the institution of financial rehabilitation to the date of discharge of the creditor's claims, and if
no such discharge occurs before the date of the decision whereby the debtor is declared bankrupt and a winding-up procedure is commenced, to the date of such decision.

3. Forfeit money (fines, penalties) and also the sums of inflicted losses in the form of lost benefits, which the debtor has to pay to creditors in the amounts existing as of the date of institution of financial rehabilitation, shall be subject to payment during financial rehabilitation in keeping with the debt repayment schedule after all the other creditors' claims have been met.

4. Settlement of a debtor's obligations that became due before the institution of financial rehabilitation shall be effected exclusively in compliance with the present Federal Law.

5. Creditors' claims shall be considered by the court of arbitration in the manner specified in Article 71 of the present Federal Law. Creditors' claims presented during financial rehabilitation and included in the register of creditors' claims shall be satisfied within one month after the termination of discharge of obligations under the debt repayment schedule, except as otherwise envisaged by the present Federal Law.

Article 82. Management of the Debtor During Financial Rehabilitation

1. During financial rehabilitation the managerial bodies of the debtor shall exercise their powers subject to the limitations/restrictions established by the present chapter.

2. On the basis of a petition of a creditors' meeting, the administrative receiver or persons that provided security, such petition containing information on the improper implementation of the financial rehabilitation plan by the head of the debtor or on the committal of actions by the head of the debtor whereby the rights and legal interests of creditors and/or persons that provided security have been violated, the court of arbitration may remove the head of the debtor from his/her position in the manner established by Article 69 of the present Federal Law. The court of arbitration shall issue a ruling on the removal of the head of the debtor, such ruling being subject to appeal.

3. Without the consent of a creditors' meeting (the creditors' committee), the debtor shall not be entitled to enter into deals or several inter-related deals in the accomplishment of which she/he/it is interested, or which:

    are connected to the acquisition, alienation or possibility of alienation, either directly or indirectly, of the debtor's property of which the balance sheet value makes up over five per cent of the balance sheet value of the debtor's assets as of the last accounting date preceding the date of conclusion of transaction;

    cause the issuance of loans (credits), the issuance of suretyships and guarantees and also the institution of trust in respect of the debtor's property.

    Without the consent of a creditors' meeting (the creditors' committee) and the person(s) which provided security the debtor shall not be entitled to make decisions concerning its reconstruction (merger, accession, division, separation, transformation).

    If the amount of the debtor's monetary obligations that have occurred after the institution of financial rehabilitation makes up over 20 per cent of the sum of the creditors' claims included in the register of creditors' claims the deals that cause new obligations for the debtor may be concluded exclusively with the consent of a creditors' meeting (the creditors' committee).

4. Without the consent of the administrative receiver the debtor shall not be entitled to conclude deals or several inter-related deals which:

    cause an increase in the debtor's account payable of more than five per cent of the sum of the creditors' claims
included in the register of creditors' claims as of the date of institution of financial rehabilitation;

are related to the acquisition, alienation or the possibility of alienation either directly or indirectly of the debtor's property, except for the sale of the debtor's property being finished products (works, services) manufactured or sold by the debtor in the course of ordinary economic activity;

cause a claim assignment, a debt assignment;

cause the receipt of loans (credits).

5. The deals executed by the debtor in breach of the present article may be declared null and void on an application of persons being party to the bankruptcy case.

6. The debtor is entitled to alienate property being the subject matter of a pledge/mortgage, offer it for rent or for gratuitous use to another person or otherwise dispose of it, or cause an encumbrance on the subject matter of the pledge/mortgage in the form of rights and claims of third persons only with the consent of the creditor whose claim is secured by pledge/mortgage of such property, except as otherwise envisaged by a federal law or a pledge/mortgage contract, or results from the essence of the pledge/mortgage.

The property being the subject matter of a pledge/mortgage shall be sold only at sales in the manner specified in Items 3-9 of Article 110 of the present Federal Law. The sale of a property being the subject matter of a pledge/mortgage shall be effected only with the consent of the creditor whose claims are secured with the pledge/mortgage of such property. In this case the creditor's claims secured by a pledge/mortgage shall be discharged at the expense of the value of sold property as priority over other creditors after the sale of the subject matter of the pledge/mortgage, except for the obligations to creditors of the first and second priority ranking on which the right of claim emerged before the conclusion of a relevant pledge/mortgage contract.

Article 83. The Administrative Receiver

1. The administrative receiver shall be approved by a court of arbitration in the manner specified by Article 45 of the present Federal Law.

2. The administrative receiver shall act from the date of his/her approval by the court of arbitration to the termination of financial rehabilitation or to his/her removal or release by the court of arbitration.

3. During financial rehabilitation the administrative receiver shall:

keep a register of creditors' claims, except for the cases specified by the present Federal Law;

convene meetings of creditors in the cases established by the present Federal Law;

examine reports on the progress of implementation of the financial rehabilitation plan and debt repayment schedule presented by the debtor, and present his/her statements on the progress of implementation of the financial rehabilitation plan and debt repayment schedule to a creditors' meeting;

provide information to a creditors' meeting (the creditors' committee) for consideration on the progress of implementation of the financial rehabilitation plan and debt repayment schedule;

monitor the debtor's timely performance of the creditors' current claims;

monitor the progress of implementation of the financial rehabilitation plan and debt repayment schedule;

monitor the proper timing and completeness of money remittances for the purpose of meeting creditors' claims;
in the case of the debtor's default on obligations under the debt repayment schedule, demand that the persons which have provided security for the debtor's performance of obligations under the debt repayment schedule execute the duties arising out of the security provided;

execute the other duties envisaged by the present Federal Law.

4. The administrative receiver shall be entitled to:

demand the provision of information from the head of the debtor on the debtor's current activity;

take part in a stock-take if it is performed by the debtor;

grant approval for the debtor's deals and decisions in the cases specified by the present Federal Law and provide information to the creditors on the said deals and decisions;

file a petition with the court of arbitration for removing the head of the debtor in the cases specified by the present Federal Law;

file a petition with the court of arbitration for the taking of additional measures for preservation of the debtor's property and also for lifting such measures;

file a claim in his/her own name with the court of arbitration for declaring as null and void deals and decisions, and also for the application of measures for the invalidity of null and void deals concluded or accomplished by the debtor in breach of the provisions of the present Federal Law;

exercise other powers specified by the present Federal Law.

5. The administrative receiver may be released from his/her duties by the court of arbitration:

at the application of the administrative receiver for his/her being released from his/her duties;

in other cases specified by a federal law.

The administrative receiver may be released from his/her duties by the court of arbitration:

on the basis of a decision of a creditors' meeting in the case of default on or improper performance of the duties vested in the administrative receiver as established by the present Federal Law;

in connection with the fact that the court of arbitration has satisfied the complaint of a person participating in the bankruptcy case in respect of the administrative receiver's default on or improper execution of the duties vested therein, on the condition that such default or improper execution has violated the rights or legal interests of the person that filed the complaint and has also caused or could cause losses to the debtor or the debtor's creditors;

if circumstances have been revealed that obstructed the approval of the person as administrative receiver, in particular if such circumstances have occurred after the person was approved as administrative receiver;

in the other cases specified by a federal law.

In the case of the release or removal of the administrative receiver, the court or arbitration shall approve a new administrative receiver in the manner established by the present article.

An administrative receiver released from his/her duties or removed from his/her position of administrative receiver shall make sure the accounting and other documents of the legal person, the seals and rubber stamps, material and other valuables are delivered to the newly approved administrative receiver within three days.
The ruling of a court of arbitration on the release or removal of an administrative receiver shall take effect immediately. The ruling of a court of arbitration on release or removal of an administrative receiver shall be subject to appeal. The appeal of a ruling on the release or removal of an administrative receiver shall not suspend the performance of such a ruling.

6. Termination of proceedings in a bankruptcy case in connection with the discharge of creditors' claims in the course of financial rehabilitation shall cause termination of the powers of the administrative receiver.

7. If the court of arbitration issued a ruling on the institution of external administration or decided to declare the debtor bankrupt and commence winding-up and if another person is approved as the receiver or the administrator, the administrative receiver shall keep executing his/her duties until the approval of the receiver or administrator.

Article 84. The Financial Rehabilitation Plan and the Debt Repayment Schedule

1. The financial rehabilitation plan prepared by the debtor's promoters (stakeholders) and the owner of property of the debtor being a unitary enterprise shall be approved by a creditors' meeting and it shall envisage means of the debtor's obtaining funds required to meet the creditors' claims under the debt repayment schedule during financial rehabilitation.

2. The debt repayment schedule shall be signed by the person authorised to do so by the debtor's promoters (stakeholders) and the owner of property of the debtor being a unitary enterprise, and a unilateral duty shall emerge on the debtor's part as of the date of approval of the debt repayment schedule to repay the debtor's debts owing the creditors within the term set by the schedule.

If a security is available for the debtor's performing the debtor's obligations under the debt repayment schedule it shall also be signed by the persons which have provided the security.

3. The debt repayment schedule shall envisage the discharge of all the creditors' claims included in the register of creditors' claims at least one month before the expiry of the financial rehabilitation term and also the discharge of claims of the first and second priority rating creditors within six months after the institution of financial rehabilitation.

The repayment schedule for a debt relating to mandatory payments collected under the legislation on taxes and fees shall be established in compliance with the provisions of the legislation on taxes and fees.

In the event of institution of financial rehabilitation in the manner established by Items 2 or 3 of Article 75 of the present Federal Law the debt repayment schedule shall meet the standards set by Article 75 of the present Federal Law.

4. The debt repayment schedule shall envisage a pro rata repayment of creditor's claims according to the priority rating set by Article 134 of the present Federal Law.

BEGIN COMMENTARY:

Until the introduction of appropriate amendments to the legislation on taxes and fees and/or budget legislation the rule of pro rata satisfaction of claims shall extend only to the claims of bankruptcy creditors and the claims of authorised bodies relating to monetary obligations

END COMMENTARY

5. The debtor is entitled to complete the performance under a debt repayment schedule ahead of time.

Article 85. Amending a Debt Repayment Schedule

1. If the debtor defaults on a debt repayment schedule (non-payment of a debt when due and/or at a set rate) the debtor's promoters (stakeholders), the owner of property of the debtor being a unitary enterprise, third persons which
provided security shall within 14 days after the date set as the due date in the debt repayment schedule be entitled to
address a petition to a creditors' meeting for approving the amendments introduced in the debt repayment schedule or
for satisfying creditors' claims in compliance with the debt repayment schedule. A copy of the petition shall be
forwarded to the administrative receiver. The administrative receiver shall convene a creditors' meeting within 14 days
after the receipt of the petition.

If a decision is adopted to amend the debt repayment schedule, a creditors' meeting shall be entitled to file a petition
with the court of arbitration for approval of the amendments made to the debt repayment schedule.

If the creditors’ meeting refuses to approve the amendments made to the debt repayment schedule the creditors’
meeting shall adopt a decision to file a petition with the court of arbitration for terminating financial rehabilitation
before the due date.

2. If the amount of claims presented by creditors during financial rehabilitation and included in the register of
creditors' claims exceeds by more than 20 per cent the sum of creditors' claims subject to repayment under the debt
repayment schedule, the administrative receiver shall within 14 days after the inclusion of these claims in the register of
creditors' claims convene a creditors' meeting for the purpose of adopting a decision on amending the debt repayment
schedule.

If a decision is made to amend the debt repayment schedule the creditors' meeting shall be entitled to file a petition
with the court of arbitration for approving the amendments made to the debt repayment schedule.

If the creditors' meeting refuses to approve the amendments made to the debt repayment schedule the creditors’
meeting shall be entitled to petition for terminating financial rehabilitation before the due date.

3. The creditors' meeting that has adopted a decision to amend the debt repayment schedule may propose to the
person(s) which provided security for the debtor's performing obligations under the debt repayment schedule to increase
the amount of the security for the debtor's performing obligations in compliance with the debt repayment schedule.

4. The court of arbitration shall be entitled to issue a ruling on amending a debt repayment schedule only in respect
of the claims included in the register of creditors' claims.

5. Amending a debt repayment schedule shall not be deemed a ground for the person(s) that provided security for
the debtor's performing obligations under a debt repayment schedule to refuse discharging their obligation to secure the
debtor's performance under the debt repayment schedule which was the subject matter of the contract for provision of a
security for the debtor's obligations.

Article 86. Termination of Financial Rehabilitation before the Due Date

1. If the debtor discharges all the creditors' claims envisaged by the debt repayment schedule before the expiry of
the financial rehabilitation term set by the court of arbitration, the debtor shall file a report on termination of financial
rehabilitation before the due date.

2. The procedure for filing the report and for consideration of the results of financial rehabilitation by the court of
arbitration and also the composition of the materials to be attached to the report are established by Items 1-4 of Article
88 of the present Federal Law.

3. According to the results of consideration of the results of financial rehabilitation and creditor's complaints the
court of arbitration shall issue one of the below rulings:

on terminating proceedings in the bankruptcy case if there is no outstanding debt and if the creditors' complaints
have been deemed without ground;
on refusing to terminate proceedings in the bankruptcy case if an outstanding debt has been discovered and the creditors' complaints have been deemed valid.

The said rulings shall take effect immediately and shall be subject to appeal.

Article 87. Termination of Financial Rehabilitation before the Due Date

1. Below are the grounds for terminating financial rehabilitation before the due date:

   the non-filing of a contract for providing security for the debtor's obligations under the debt repayment schedule with the court of arbitration within the term specified in Item 3 of Article 79 of the present Federal Law;

   a repeated or significant (for a term exceeding 15 days) breach of the creditors' claim repayment due dates established by the debt repayment schedule during financial rehabilitation.

2. Within 15 days after the occurrence of grounds for termination before the due date of financial rehabilitation, the administrative receiver shall convene a creditors' meeting to consider the issue of filing a petition with the court of arbitration for terminating financial rehabilitation before the due date.

3. The debtor shall provide a report to the creditors' meeting convened in keeping with Item 2 of the present article on the results of implementation of the debt repayment schedule and financial rehabilitation plan (if any).

   The following shall be attached to the report: the debtor's balance sheet as of the last accounting date, statement of the debtor's profits and losses, information on the amount of paid up creditors' claims and documents to acknowledge that creditors' claims have been satisfied.

   Simultaneously with the debtor's report the administrative receiver shall present his/her statement to the creditors' meeting on the progress of implementation of the financial rehabilitation plan and the creditors' claim repayment schedule.

4. According to the results of consideration of the debtor's report and the administrative receiver's statement the creditors' meeting shall be entitled to adopt a decision to file one of the below petitions with the court of arbitration:

   on the institution of external administration;

   on declaring the debtor bankrupt and commencing winding-up procedure.

   Attached to the petition of the creditors' meeting shall be a copy of the minutes of the creditors' meeting and a list of the creditors which have voted against the decision adopted by the creditors' meeting or which did not take part in voting on the issue.

5. On the basis of the petition of the creditors' meeting the court of arbitration shall issue one of the below court decisions:

   a ruling on refusing to satisfy a relevant petition of the creditors' meeting in case when the court hearing has revealed that the debtor has satisfied the creditors' claims in compliance with the debt repayment schedule and that the creditors' claims have been deemed without ground;

   a ruling on the institution of external administration if the debtor's solvency can be restored;

   a decision to declare the debtor bankrupt and to commence winding-up procedure if there are no grounds for instituting external administration and if evidence of bankruptcy is present.
6. If financial rehabilitation has been instituted by the court of arbitration in the manner established by Item 3 of Article 75 of the present Federal Law on the petition of a person participating in the bankruptcy case the court of arbitration may terminate financial rehabilitation before due time if a breach of the creditors' claim repayment due dates set by the debt repayment schedule took place during financial rehabilitation. In the said case the court of arbitration shall issue a ruling on the institution of the bankruptcy proceedings for which the first creditors' meeting petitioned.

Article 88. Termination of Financial Rehabilitation

1. At least one month before the expiry of the established financial rehabilitation term the debtor shall file a report with the administrative receiver on the results of implementation of financial rehabilitation.

2. The following shall be attached to the debtors' report:

   the debtor's balance sheet as of the last accounting date;
   a statement of the debtor's profits and losses;
   documents confirming repayment of creditors' claims.

3. The administrative receiver shall consider the debtor's report on the results of financial rehabilitation and shall draw up a statement on the progress of implementation of the financial rehabilitation plan, the debt repayment schedule and on the satisfaction of the creditors' claims which shall be forwarded to the creditors included in the register of creditors' claims and to the court of arbitration within ten days after the receipt of the debtor's report on the results of financial rehabilitation. The statement of the administrative receiver shall be accompanied with copies of the debtor's report on the results of financial rehabilitation and a list of discharged and outstanding claims of the creditors included in the register of creditors' claims.

4. If the creditors' claims included in the register of creditors' claims have not been met as of the date of consideration of the debtor's report or if the said report has not been filed by the administrative receiver within the term established by Item 1 of the present article the administrative receiver shall convene a meeting of creditors, which is empowered to adopt one of the below decisions:

   on filing a petition with the court of arbitration for instituting external administration;
   on filing a petition with the court of arbitration for declaring the debtor bankrupt and commending winding-up procedure.

5. Upon the receipt of a statement of the administrative receiver or a petition of the creditors' meeting, the court of arbitration shall set a date for the hearing to consider the results of financial rehabilitation and creditors' claims in respect of actions of the debtor and the administrative receiver. The court of arbitration shall notify the persons participating in the bankruptcy case of the date and place of the court hearing in the manner established by the present Federal Law.

6. According to the results of consideration of progress of financial rehabilitation and of creditors' claims, the court of arbitration shall adopt one of the below court decisions:

   a ruling on terminating proceedings in the bankruptcy case if no outstanding debt exists and if the creditors' complaints have been deemed without ground;
   a ruling on instituting external administration if the debtor's solvency can be restored;
   a decision to declare the debtor bankrupt and commence winding-up procedure if there are no grounds for the institution of external administration and if evidence of bankruptcy exists.
Article 89. Performance of Obligations by Persons Which Provided Security for a Debtor's Performing Obligations under a Debt Repayment Schedule

1. If the debtor defaults on implementing a debt repayment schedule for more than five days, the administrative receiver shall apply to the persons which provided security for the debtors' discharging obligations under the debt repayment schedule with a demand for the debtor's discharging the obligations under the debt repayment schedule.

2. The amounts of money received as a result of the discharge by the persons which provided security for the debtor's discharging the obligations shall be remitted to the debtor's account for the purpose of effecting settlement with creditors.

Settlement with creditors shall be effected by the debtor in the manner established by Item 4 of Article 84 of the present Federal Law.

3. From the date when creditors' claims are satisfied the administrative receiver or registrar shall make a relevant entry in the register of creditors' claims.

4. If creditors' claims are satisfied by the persons which provided a security for the debtors' discharging obligations under a debt repayment schedule, the claims of the persons which provided the security for the debtor's discharging obligations under the debt repayment schedule shall be repaid by the debtor after the termination of proceedings in the bankruptcy case or in the course of winding-up as part of the claims of the third priority ranking creditors.

5. Disputes between the persons which provided security for the debtor's discharging obligations under a debt repayment schedule and the administrative receiver, bankruptcy creditors, and authorised bodies shall be resolved by the court of arbitration in whose cognisance the bankruptcy case is.

Article 90. The Consequences of Discharge of Obligations by the Persons Which Provided a Security for the Debtor's Discharging Obligations under a Debt Repayment Schedule

1. The persons which provided security for a debtor's discharging obligations under a debt repayment schedule and which have discharged the obligations resulting from such a security are entitled to present their claims to the debtor in accordance with the general procedure envisaged by a federal law.

2. If during financial rehabilitation the persons which provided security for a debtor's discharging obligations under a debt repayment schedule satisfied the creditors' claims, the said persons' claims during subsequent bankruptcy proceedings shall be subject to inclusion in the register of creditors' claims as bankruptcy creditors' claims.

Article 91. The Consequences of a Default on Obligations by the Persons Which Provided a Security for a Debtor's Discharging Obligations under a Debt Repayment Schedule

A default by the persons which provided security for a debtor's discharging obligations under a debt repayment schedule in their obligations ensuing the security provided, within the term set by Item 1 of Article 89 85181.891 liability under the civil legislation.

Article 92. Transition to External Administration

1. According to the results of consideration of the progress of financial rehabilitation, the court of arbitration shall be entitled to issue a ruling on the institution of external administration in the following cases:

   if it is established that the debtor's solvency can realistically be restored;

   if a petition of a creditors' meeting was filed with the court of arbitration for a transition to external administration in the cases specified by the present Federal Law;
if a creditors' meeting was held which adopted a decision to file a petition with the court of arbitration for declaring
the debtor bankrupt and commencing winding-up procedure, if circumstances emerged that made it possible to believe
that the debtor's solvency can be restored;

in other cases envisaged by the present Federal Law.

2. The aggregate term of financial rehabilitation and external administration shall not exceed two years.

If more than 18 months elapse from the date of institution of financial rehabilitation to the date when the court of
arbitration hears the issue of institution of external administration, the court of arbitration shall not be entitled to issue a
ruling on the institution of external administration.

Chapter VI. External Administration

Article 93. Procedure for Instituting External Administration

1. External administration shall be instituted by a court of arbitration on the basis of a decision of a creditors'
meeting, except for the cases specified by the present Federal Law.

2. External administration shall be instituted for a term not exceeding 18 months, which can be extended in the
manner specified by the present Federal Law by up to six months, except as otherwise established by the present
Federal Law.

A ruling with which an external administration term is extended shall take effect immediately and it shall be subject
to appeal in the manner established by Item 3 of Article 61 of the present Federal Law.

3. At the petition of a creditors' meeting or the receiver, the established external administration term may be
reduced.

Article 94. The Consequences of Institution of External Administration

1. Effective from the date of institution of external administration:

the powers of the head of the debtor are terminated, and the duty to manage the affairs of the debtor is vested in the
receiver;

the receiver shall be entitled to issue an order of dismissal of the head of the debtor or propose to the head of the
debtor to leave his/her office for another position in the manner and on the terms established by the labour legislation;

the powers of the managerial bodies of the debtor and the owner of property of the debtor being a unitary enterprise
shall be terminated, and the powers of the head of the debtor and other debtors' managerial bodies shall be transferred to
the receiver, except for the powers of the debtor's managerial bodies specified in Item 2 of the present article. The
managerial bodies of the debtor, the interim receiver, and the receiver shall within three days after the approval of the
receiver ensure the transfer of the debtor's accounting and other documentation, seals and rubber stamps, material and
other valuables to the receiver;

the measures for securing creditors' claims adopted before shall be revoked;

the property of the debtor may be seized and other restrictions/limitations on the debtor in as much as it concerns
the debtor's disposing of his/her/its property may be imposed exclusively within the framework of the bankruptcy
process;

a moratorium on meeting creditors' claims relating to monetary obligations and mandatory payments shall be
imposed, except for the cases specified by the present Federal Law.

2. Within the competence established by a federal law, the managerial bodies of the debtor shall be entitled to make decisions:

   on amending the constitution of the company in as much as it concerns an increase in the authorised capital;
   on designating the number and face value of announced shares;
   on an increase in the joint-stock company's authorised capital by means of floating additional ordinary shares;
   on addressing a petition to a creditors' meeting for including the possibility of an additional issue of shares in the external administration plan;
   on designating a procedure for conducting a general meeting of shareholders;
   on filing a petition for the sale of the debtor's enterprise;
   on replacing the debtor's assets;
   on electing a representative of the debtor's promoters (stakeholders);
   on concluding an agreement on the terms for the provision of funds for discharging the debtor's obligations between a third person or third persons and the managerial bodies of the debtor authorised under the constitutive documents to adopt a decision to conclude large deals;
   other decisions as may be required for floating additional ordinary shares of the debtor.

The petition of the debtor's managerial bodies for the sale of the debtor's enterprise shall contain information on the minimum selling price for the debtor's enterprise.

The funds spent to hold a meeting of shareholders and a meeting of the board of directors (supervisory board) or other managerial body of the debtor shall be reimbursed at the expense of the debtor only if such a possibility is envisaged in the external administration plan.

Article 95. Moratorium on Meeting Creditors' Claims

1. The moratorium on meeting creditors' claims shall extend to the monetary obligations and mandatory payments which were due before the institution of external administration.

2. During the effective term of a moratorium on meeting creditors' claims relating to the monetary obligations and the mandatory payments specified in item 1 of the present article:

   performance under writs of execution relating to asset collection and under other documents for collection in an uncontested proceeding shall be suspended, forced performance under them shall be prohibited, except for performance under writs of execution issued under decisions on collection of wages/salaries debt, on disbursement of royalties under copyright contracts, on demanding property from another's illegal possession, on compensation for harm to life or health and compensation for moral harm and also collection of current payments on debt that became final before the institution of external administration;

   no forfeit money (fines, penalties) and other financial sanctions shall be accrued for a default on or improper performance of monetary obligations and mandatory payments, except for the monetary obligations and mandatory payments that emerged after the adoption of the decision whereby the debtor was declared bankrupt and also in as much
as it concerns forfeit money (fines, penalties) payable in relation thereto.

Interest shall be accrued on the sum of claims of a bankruptcy creditor, an authorised body at the rate set in compliance with Article 4 of the present Federal Law as of the date of institution of external administration in the manner and at the rate specified by the present article. Interest on the sum of claims of a bankruptcy creditor or an authorised body denominated in Russian currency shall be accrued at the rate of the refinancing rate (Garant 10005933) set by the Central Bank of the Russian Federation as of the date of institution of external administration.

The agreement between the receiver and a bankruptcy creditor may envisage a lower rate of interest payable or a shorter interest accrual term in comparison with those envisaged by the present article.

The interest subject to accrual and payment under the present article shall be accrued on the sum of claims of the creditors of each priority ranking from the date of institution of external administration to the date of the court of arbitration's ruling on the commencement of settlements with creditors for claims of the creditors of each priority ranking or to the time when the said claims are satisfied by the debtor or by a third person during external administration or to the time when the debtor is declared bankrupt and winding-up is commenced.

The interest accrued in compliance with the present article shall not be taken into account in counting the number of votes belonging to a bankruptcy creditor or an authorised body at creditors' meetings.

In case when the debtor is declared bankrupt and winding-up is commenced the interest accrued in keeping with the present article shall be subject to satisfaction in the manner established by Item 3 of Article 137 85181.1373

3. The moratorium on meeting creditors' claims shall also extend to creditors' claims for compensation for the losses relating to the receiver's refusal to perform the debtor's contracts.

4. The rules envisaged by Items 2 and 3 of the present article shall not be applicable to the monetary obligations and mandatory payments which occurred after the acceptance of an application by the court of arbitration for declaring the debtor bankrupt and which became due after the institution of external administration.

5. The moratorium on meeting creditors' claims shall not extend to claims for debt collection relating to wages/salaries, disbursement of royalties under copyright contracts, compensation for harm inflicted to life or health, compensation for moral harm.

Article 96. The Receiver

1. The receiver 85181.20025 shall be approved by a court of arbitration simultaneously with the institution of external administration, except for the cases envisaged by the present Federal Law.

2. Before the date of approval of a receiver the court of arbitration shall vest the duties and rights of a receiver established by the present Federal Law in the person who executed the duties of the interim receiver or administrative receiver, except for the drawing up of an external administration plan.

The court of arbitration shall issue a ruling on the approval of the receiver.

3. The ruling on the approval of a receiver shall take effect immediately.

4. The ruling on the approval of a receiver shall be subject to appeal. An appeal taken from a ruling on the approval of a receiver shall not cause suspension of the implementation thereof.

5. The receiver shall be approved by a court of arbitration in the manner established by Article 45 of the present Federal Law.
Article 97. Releasing a Receiver from His/Her Duties

1. The receiver may be released from the duties of a receiver by the court of arbitration:

   at the application of the receiver for being released from his/her duties;

   in other cases envisaged by federal law.

2. The ruling of a court of arbitration on the release of a receiver from his/her duties shall take effect immediately and shall be subject to appeal.

3. A receiver released from his/her duties shall ensure the transfer of the accounting and other documentation of the debtor, seals and rubber stamps, material and other valuables to a newly approved receiver within three days.

4. In the case of release of a receiver the court of arbitration shall approve another receiver in the manner envisaged by Article 96 of the present Federal Law.

Article 98. Removing a Receiver

1. The receiver may be removed by the court of arbitration:

   on the basis of a decision of a creditors’ meeting to file a petition with the court of arbitration in case of the receiver's defaulting on or improperly performing the duties vested therein, or a failure to complete the solvency restoration measures envisaged by the external administration plan;

   in connection with the fact that the court of arbitration has satisfied the complaint of a person participating in the bankruptcy case in respect of the receiver’s defaulting or improperly performing the duties vested therein on the condition that such a default or improper performance of the duties has violated the rights or legal interests of the person which filed the complaint and has also caused or could cause losses to the debtor or the debtor's creditors;

   if circumstances have been discovered which obstructed the approval of the person as the receiver and also in case when such circumstances occurred after the approval of the person as the receiver;

   in other cases envisaged by federal law.

2. The ruling of a court of arbitration on the removal of a receiver shall take effect immediately and it shall be subject to appeal. An appeal of the ruling of an arbitration court on removal of a receiver shall not cause suspension of the performance of such a ruling.

3. In the case of removal of a receiver the court of arbitration shall approve a new receiver in the manner established by Article 96 of the present Federal Law.

4. A receiver removed from the execution of his/her duties shall ensure the transfer of the debtor's accounting and other documentation, seals and rubber stamps, material and other valuables to the newly approved receiver within three days from the time she/he is approved.

Article 99. The Rights and Duties of a Receiver

1. The receiver shall be entitled to:

   dispose of the debtor's property in compliance with the external administration plan with due regard to the restrictions/limitations envisaged by the present Federal Law;

   conclude a voluntary arrangement in the debtor's name;
declare a waiver of performance of the debtor's contracts in compliance with Article 102 of the present Federal Law;

file claims with the court of arbitration in his/her name for declaring deals and decisions null and void and also for the application of measures of the invalidity of null and void deals concluded or performed by the debtor in breach of the provisions of the present Federal Law;

commit other actions envisaged by the present Federal Law.

2. The receiver shall:

accept the debtor's property for management and perform a stocktake of the property;

elaborate an external administration plan and present it to a creditors' meeting for approval;

do the bookkeeping, keep financial and statistical records and prepare statements/reports;

file objections in the established manner to the creditor's claims presented to the debtor;

take measures for collecting debt for the benefit of the debtor;

keep a register of creditors' claims;

implement the measures envisaged by the external administration plan in the manner and on the terms established by the present Federal Law;

inform the creditors' committee of the completion of the measures envisaged by the external administration plan;

present a report on the results of implementation of the external administration plan to a creditors' meeting;

exercise other powers envisaged by the present Federal Law.

Article 100. Establishing the Amount of Creditors Claims

1. Creditors shall be entitled to present their claims to the debtor at any time during the external administration period. The said claims shall be forwarded to the court of arbitration and to the receiver together with the court decision or other documents confirming the validity of the claims. The said claims shall be included by the receiver or the registrar in the register of creditors' claims on the basis of a ruling of the court of arbitration on the inclusion of the claims in the register of creditors' claims.

2. Within five days after the receipt of creditors' claims the receiver shall notify the representative of the debtors' promoters (stakeholders) or the representative of the owner of property of the debtor being a unitary enterprise of the receipt of the creditors' claims and shall provide the said persons with an opportunity for familiarising themselves with the creditors' claims and the documents attached thereto.

3. Objections to creditors claims may be filed with the court of arbitration by the receiver, the representative of the debtor's promoters (stakeholders) or the representative of the owner of property of the debtor being a unitary enterprise and also by the creditors whose claims have been included in the register of creditors' claims. Such objections shall be presented within one month after the receipt of the said claims by the receiver.

4. If there are objections to creditors' claims, the court of arbitration shall verify the validity of such creditors' claims. According to the results of the examination, a ruling shall be issued by the court of arbitration on including/refusing to include the said claims in the register of creditors' claims. The ruling of the court of arbitration
shall comprise an indication of the amount and priority ranking of such claims.

5. The creditors' claims for which no objections have been received shall be examined by the court of arbitration for the purpose of verifying their validity and the availability of good grounds for their inclusion in the register of creditors' claims. According to the results of the examination the court of arbitration shall issue a ruling on including/refusing to include the creditors' claims in the register of creditors' claims. The said claims may be considered by the court of arbitration without inviting the persons participating in the bankruptcy case.

BEGIN COMMENTARY:

See Decision (Garant 12038456) of the Plenary Session of the Higher Arbitration Court of the Russian Federation No. 29 of December 15, 2004

END COMMENTARY

6. The ruling on the inclusion of/refusal to include creditors' claims in the register of creditors' claims shall take effect immediately and it shall be subject to appeal.

The ruling on the inclusion of/refusal to include creditors' claims in the register of creditors' claims shall be forwarded by the court of arbitration to the receiver or the registrar and to the applicant.

Article 101. Disposal of the Debtor's Property

1. Large transactions and also transactions in the accomplishment of which someone has an interest shall be concluded by the receiver only on the consent of a creditors' meeting (the creditors' committee), except as otherwise envisaged by the present Federal Law.

2. For the purposes of the present Federal Law "large transactions" means transactions or several inter-related transactions relating to the acquisition, alienation or possibility of alienation, either directly or indirectly, of a debtor's property whose balance sheet value exceeds ten per cent of the balance sheet value of the debtor's assets as of the last accounting date preceding the date when the transaction is concluded.

3. For the purposes of the present Federal Law "transactions in the accomplishment of which someone has an interest" means transactions the parties of which are interested persons in relation to the receiver or a bankruptcy creditor.

4. Transactions entailing the receipt or granting of loans, the granting of suretyships or guarantees, claim assignment, debt assignment, the alienation or acquisition of shares, participatory shares in economic partnerships and companies, the institution of a trust shall be executed by the receiver after approval by a creditors' meeting (the creditors' committee). The transactions mentioned in this item may be concluded by the receiver without the approval of a creditors' meeting (the creditors' committee) if the possibility of and terms for conclusion of such transactions are envisaged by the external administration plan.

5. The property being the subject matter of a pledge/mortgage shall be sold only by public sale. The sale of the property being the subject matter of a pledge/mortgage is permitted only with the consent of the creditor whose claims are secured by the pledge/mortgage of this property. In this case the creditor's claims secured by the pledge/mortgage shall be satisfied at the expense of the value of property sold prior to the other creditors after the sale of the subject matter of the pledge/mortgage, except for the liabilities owing the first and second priority ranking creditors in respect of which a right of claim emerged before the conclusion of the pledge/mortgage contract.

Article 102. Refusal to Perform the Debtor's Transactions

1. Within three months after the institution of external administration the receiver shall be entitled to refuse to
perform the debtor's contracts and other transactions.

2. Refusal to perform the debtor's contracts and other transactions may be declared only in respect of the transactions which have not been fully or partially discharged by the parties, if such transactions are an obstacle for restoring the debtor's solvency or if the debtor's performance of such transactions is going to entail losses for the debtor in comparison with similar transactions concluded in comparable circumstances.

3. In the cases specified in Item 2 of the present article a contract shall be deemed rescinded from the date when all parties to the contract receive the receiver's declaration of refusal to fulfill the contract.

4. A party to a contract in respect of which a refusal to perform has been declared shall be entitled to demand from the debtor a compensation for the losses caused by the refusal to fulfill the debtors' contract.

5. The provisions of the present article shall not apply to the debtor's contracts concluded during receivership on the consent of an interim receiver or during financial rehabilitation if such contracts were concluded in compliance with the present Federal Law.

Article 103. Invalidity of a Transaction Concluded by a Debtor

1. A transaction concluded by a debtor, in particular, a transaction concluded by a debtor before the institution of external administration may be declared invalid by a court or a court of arbitration upon the application of the receiver on the grounds specified by a federal law.

2. A transaction concluded by a debtor with an interested person shall be declared invalid by a court or a court of arbitration upon the application of the receiver if losses have been or can be caused to creditors or the debtor as a result of accomplishment of the said transaction.

3. A transaction concluded or entered into by a debtor with a specific creditor or another person after the acceptance by a court of arbitration of an application for declaring the debtor bankrupt and/or within the six month term preceding the filing of an application for declaring the debtor bankrupt may be declared invalid by the court on an application of the receiver or the creditor if this transaction entails an advantage of specific creditors over other creditors in terms of having their claims met.

4. A transaction concluded by a debtor being a legal person within the six-month term preceding the filing of an application for declaring the debtor bankrupt and connected to the disbursement (apportionment) of a participatory share in the debtor's property to a debtor's promoter (stakeholder) in connection with his ceasing to be a promoter (stakeholder), at the application of the receiver or a creditor may be declared invalid by a court or a court of arbitration if the accomplishment of such a transaction infringes on the rights and legal interests of creditors.

In the case of declaration of the debtor bankrupt and commencement of winding-up procedure this promoter (stakeholder) of the debtor shall be deemed a third priority ranking creditor.

5. A transaction relating to disbursement (apportionment) of a participatory share (share) in the debtor's property to a promoter (stakeholder) of the debtor in connection with his ceasing to be a promoter (stakeholder) of the debtor concluded by a debtor being a legal person after the acceptance of an application for declaring the debtor bankrupt shall be deemed null and void.

If the debtor is declared bankrupt and winding-up is commenced the claim of such a promoter (stakeholder) shall be satisfied at the expense of the debtor's property remaining after all the creditors' claims have been met in full.

6. The receiver's demand for the application of consequences of the invalidity of a transaction deemed null and void envisaged by Item 5 of the present article may be presented within the period of limitations established by a federal law.
law as applicable to the consequences of invalidity of a transaction deemed null and void.

7. In the cases specified by Item 1 of the present article a suit to deem a transaction invalid or to apply the consequences of the invalidity of a transaction deemed null and void shall be brought by the receiver in the debtor's name.

In the cases specified by Items 2-5 of the present article the receiver shall bring suits to deem transactions invalid or to apply measures for the invalidity of transactions deemed null and void in his/her own name.

Article 104. The Monetary Obligations of a Debtor During External Administration

1. In cases when the amount of the debtor's monetary obligations that have emerged after the institution of external administration exceeds by 20 per cent the amount of the bankruptcy creditors' claims included in the register of creditors' claims, transactions entailing new monetary obligations for the debtor, except for the transactions envisaged by the external administration plan, may be concluded by the receiver only with the consent of a creditors' meeting (the creditors' committee).

2. The transactions concluded in breach of Item 1 of the present article may be declared invalid by a court on an application of a bankruptcy creditor or an authorised body, or on an application of a newly approved receiver in case when these transactions were concluded by a person who earlier executed the rights and duties of a receiver of the debtor.

A transaction concluded by a receiver in breach of Item 1 of the present article may be declared invalid by a court if it is proven that the other party to the transaction knew or should have known of such a breach.

Article 105. Regulating the Consumption Funds of a Debtor

Decisions entailing an increase in the debtor's expenses not envisaged in the external administration plan may be taken by the receiver only with the consent of a creditors' meeting (the creditors' committee), except for the cases specified by the present Federal Law.

Article 106. The External Administration Plan

1. Within one month after the date of his/her approval the receiver shall elaborate an external administration plan and present it to a creditors' meeting for approval.

The external administration plan shall envisage measures for restoring the debtor's solvency, the terms and procedure for implementing the measures, and expenses towards the implementation thereof and other expenses of the debtor.

The debtor's solvency shall be recognised as restored if the bankruptcy evidence established by Article 3 of the present Federal Law is lacking.

2. The external administration plan shall:

comply with the standards established by federal laws;

envisage a term for the restoration of the debtor's solvency;

contain a feasibility study relating to the possibility of restoring the debtor's solvency within the set term.

3. The external administration plan shall envisage delineation of competence between the creditors' meeting and the creditors' committee in as much as it concerns approving the transactions of the debtor, unless such a delineation
was established by a creditors' meeting or if grounds exist for redistributing competence between the creditors' meeting and the creditors' committee.

4. At the demand of a creditors' meeting or the creditors' committee the receiver shall render a report to the creditors on the progress of external administration and the external administration plan.

Article 107. Considering an External Administration Plan

1. Consideration of the issue of approving and amending an external administration plan shall be within the exclusive competence of the creditors' meeting.

2. The external administration plan shall be considered by a creditors' meeting convened by the receiver within two months after the time when the receiver was approved. The receiver shall notify the bankruptcy creditors and authorised bodies of the date, time and place of the said meeting in the manner established by the present Federal Law and provide them with an opportunity for familiarising themselves with the external administration plan at least 14 days prior to the date of the said meeting.

3. The creditors' meeting shall be entitled to adopt one of the below decisions:

   to approve the external administration plan;

   to dismiss the external administration plan and to file a petition with the court of arbitration for declaring the debtor bankrupt and commencing winding-up procedure;

   to dismiss the external administration plan. The said decision shall include a provision for the date of next creditors' meeting intended to consider a new external administration plan, the term within which the creditors' meeting is to be convened not exceeding two months after the date of the said decision;

   to dismiss the external administration plan and remove the receiver as involving a simultaneous approval of the self-regulating organisation from among whose members a receiver is to be approved as well as the qualifications applicable to the receiver nominee.

4. The external administration plan approved by the creditors' meeting shall be presented to the court of arbitration within five days after the date of the creditors' meeting.

5. If within four months after the institution of external administration no external administration plan approved by a creditors' meeting has been presented to the court of arbitration and no petition has been filed by a creditors' meeting as envisaged by the present article the court of arbitration may adopt a decision to declare the debtor bankrupt and to commence the winding-up procedure.

   If external administration has been instituted by the court of arbitration in the manner established by Item 6 of Article 87 of the present Federal Law and if no external administration plan approved by a creditors' meeting has been filed with the court of arbitration within two months after the institution of external administration the court of arbitration may adopt the decision to declare the debtor bankrupt and commence winding-up procedure.

6. The external administration plan may be deemed invalid in full or in part by the court of arbitration hearing the bankruptcy case, at the petition of the person(s) whose rights and legal interests have been violated. A ruling on declaring an external administration plan fully or partially invalid shall be subject to appeal.

7. The external administration plan may be amended in the manner established for the purposes of consideration of an external administration plan.

Article 108. Prolongation of the Effective Term of External Administration
1. The effective term of external administration set by a court of arbitration shall be prolonged by the court of arbitration if:

   a creditors’ meeting has adopted a decision to approve or amend the external administration plan, such a decision envisaging an effective term for the external administration exceeding the term originally set but not exceeding the maximum effective term of external administration;

   a decision has been adopted by a creditors’ meeting according to the results of the examination of the receiver’s report in connection with the results of external administration, to file a petition with the court of arbitration for prolongation of the external administration by a term specified by the decision of the creditors’ meeting but not exceeding the maximum term of external administration.

2. External administration shall not be prolonged by a term exceeding the aggregate term of financial rehabilitation and external administration established by Item 2 of Article 92 of the present Federal Law.

Article 109. Measures for Restoring the Solvency of a Debtor

The following measures may be envisaged by the external administration plan with a view to restoring the debtor's solvency:

changing the profile of the production facilities;

closing down unprofitable production facilities;

collecting accounts receivable;

selling a portion of the debtor's property;

assigning the debtor's rights of claim;

the debtor's obligations being discharged by the owner of property of the debtor being a unitary enterprise, the debtor's promoters (stakeholders) or a third person or third persons;

the authorised capital of the debtor being increased at the expense of contributions of stakeholders and third persons;

floating additional ordinary shares of the debtor;

selling an enterprise of the debtor;

replacing the debtor's assets;

other measures for restoring the debtor's solvency.

Article 110. The Sale of the Debtor's Enterprise

1. For the purposes of the present Federal Law the "debtor's enterprise" means a property complex intended for the pursuance of entrepreneurial activity (hereinafter referred to as "enterprise"). The object of sale may also be branches and other structural units of the debtor being a legal person.

2. The sale of an enterprise may be included in the external administration plan under a decision of the debtor's managerial body authorised under the constitutive documents to make decisions on concluding relevant large transactions of the debtor. The decision to sell an enterprise shall comprise an indication of the minimum selling price for the enterprise.
3. When an enterprise is being sold the following shall be alienated: all types of property intended for the pursuance of entrepreneurial activity, in particular, land plots, buildings, houses, structures, equipment, inventory, raw materials, products, rights of claim action and also rights to the signs individualising the debtor, the debtor's products, works and services (company name, trademarks, service marks), and other exclusive rights owned by the debtor, except for rights and duties that cannot be assigned to other persons.

When an enterprise is being sold in the manner specified by the present article the debtor's monetary obligations and mandatory payments shall not be included in the composition of the enterprise, except for the debtor's obligations that have occurred after the acceptance of an application for declaring the debtor bankrupt, and they may be transferred to the buyer of the enterprise in the manner and on the terms established by the present Federal Law.

In the event of the sale of an enterprise, all the labour contracts in effect as of the date of sale of the enterprise shall remain effective and the employer's rights and duties transferred to the buyer of the enterprise.

4. The sale of an enterprise shall be effected in the manner established by a federal law, by means of holding a public sale in the form of an auction, except as otherwise established by the present Federal Law.

If the property of the enterprise incorporates property classified as "limited alienability property" the sale of the enterprise shall be effected by closed sale.

Participation in a closed sale shall be open to the persons allowed to own the said property or otherwise possess it under a federal law.

5. The initial selling price for an enterprise put up for sale shall be set by the decision of a creditors' meeting or the creditors' committee on the basis of the market price of the property determined in compliance with a report drawn up by an individual appraiser recruited by the receiver and acting under a contract, with payment for his services being effected at the expense of the debtor's property.

The initial selling price of an enterprise shall not be below the minimum selling price of the enterprise determined by the debtor's managerial bodies upon the filing of a petition for the sale of the enterprise. The procedure and terms for holding the sale shall be determined by a creditors' meeting or creditors' committee.

The sale terms shall include a provision for the receipt of proceeds from the sale of the enterprise at least one month prior to the expiry of the effective term of external administration.

The amount of earnest money for the purposes of participation in the sale shall be set by the receiver and it shall not exceed 25 per cent of the initial price.

The period for acceptance of applications (bids) for participation in the sale shall be at least equal to 25 days.

6. The receiver shall act as the organiser of the sale, or shall recruit for these purposes, either under a decision of a creditors' meeting or the creditors' committee, a specialised organisation, with payment for the services of the organisation being made at the expense of the debtor's property. The said organisation shall not be an interested person in relation to the debtor or the receiver.

The receiver (the organiser of the sale) shall publish an announcement of the sale of the enterprise on sale in an official publication determined in compliance with Article 28 of the present Federal Law, and also in a local printed edition at the place where the debtor is located, at least thirty days prior to the date of the sale.

The receiver (the organiser of the sale) shall also be entitled to publish the said advertisement in other mass media. The advertisement on the sale of the enterprise shall contain the following:

information on the enterprise, its characteristics and the procedure for getting familiarised with them;
information on the form of the sale and the form of bidding as including an offer of a price for the enterprise;

the standards applicable to participants in the sale in the case of a closed sale;

the terms of tender (if a tender is held);

the date, time and place for presenting applications and bids;

the procedure for documenting participation in the sale, a list of the documents to be filed by participants in the sale and the standards governing the drawing up of the documents;

the amount of earnest money, the term and procedure for depositing the earnest money, bank account details;

the initial selling price of the enterprise;

the bidding price increment ("auction step") in the case of public bidding;

the procedure and criteria for selecting the winner of the sale;

the time and place for drawing up the results of the sale;

the procedure and term for concluding a sale contract;

the conditions and term of payment, bank account details;

information on the organiser of the sale.

While preparing the sale the receiver (the organiser of the sale) shall arrange for acceptance of applications (bids) from participants in the sale and also of earnest money.

The receiver (the organiser of the sale) shall conduct the sale, draw up the results of the sale and select the winner and also sign the minutes on the results of the sale. If the sale is conducted by a sale organiser the organiser shall pass the minutes on the results of the sale to the receiver for the purpose of concluding a sale contract with the winner of the sale.

7. If no applications (bids) have been presented or if a single application (bid) has been received within the term specified in the advertisement of sale of the enterprise, the receiver (the organiser of the sale) shall declare the first sale of the enterprise as unaccomplished and shall conduct a repeated sale.

A repeated sale shall also be conducted if the enterprise is not sold at the first sale.

If the repeated sale is declared unaccomplished or if the enterprise has failed to be sold the receiver shall within 14 days after the date of the repeated sale publish a new advertisement of the sale of the enterprise in the manner specified in the present article and Article 28 of the present Federal Law.

The initial selling price of the enterprise specified in the advertisement may be cut by 10 per cent of the initial selling price of the enterprise set by the creditors' meeting or the creditors' committee, but it shall not be below the minimum selling price of the enterprise set by the debtor's managerial bodies.

If the enterprise has not been sold in the manner established by the present item the procedure for selling the enterprise at a sale shall be determined by a creditors' meeting or the creditors' committee, in particular, by means of a public offer. In this case the enterprise shall not be sold at a price below the minimum selling price of the enterprise determined by the debtor's managerial bodies.
8. Within ten days after the date when the results of the sale are announced the person deemed the winner in the sale and the receiver shall sign a contract of sale/purchase of the enterprise.

Except as otherwise established by the present Federal Law, when an enterprise is being sold by means of public offer the contract of sale/purchase of the enterprise shall be concluded by the receiver with the person which within one month after the publication of the advertisement of sale of the enterprise has offered the maximum price for the enterprise.

9. The buyer of the enterprise shall pay the selling price of the enterprise determined at the sale, within the term specified in the advertisement of the sale, but in any case within one month after the date of announcement of the results of the sale.

Proceeds from the sale of the enterprise shall be included in the debtor's property.

If the person being the winner in the sale declines to sign the minutes or the sale contract, the amount of earnest money lost by such a person shall be included in the debtor's property less the costs incurred by the organiser of the sale in relation to the conduct of the sale.

Article 111. Sale of a Part of the Debtor's Property

1. In the cases specified by the external administration plan, after the completion of stock-taking and appraisal of the debtor's property the receiver shall be entitled to proceed to selling the property of the debtor by public sale, except as another property sale procedure is envisaged by the present Federal Law.

The sale of property of the debtor shall not make the debtor incapable of pursuing the debtor's economic activity.

2. The property of a debtor being a unitary enterprise or a debtor being a joint-stock company of which over 25 per cent of voting shares is state-owned or municipally-owned shall be valued by an independent appraiser, with a statement of a state financial control body being presented in respect of this valuation.

3. The initial price of a property put up for sale shall be set by a decision of a creditors' meeting (the creditors' committee) on the basis of the market value of the property determined according to the report of an independent appraiser recruited by the receiver and acting under a contract, with payment for the services of the appraiser being made at the expense of the debtor's property.

4. If the external administration plan envisages the sale of a property of which the balance sheet value as of the last accounting date before the approval of the external administration plan is less than 100,000 roubles the property shall be sold at a public sale, unless another selling procedure is required in compliance with the present Federal Law.

A public sale shall be conducted in the manner established by Items 4-9 of Article 110 of the present Federal Law, except as otherwise established by the present article.

5. The debtor's property classified as "limited alienability property" may be sold only at a closed sale.

In a closed sale shall take part persons which under a federal law may own or otherwise possess on the basis of another right in rem the said property.

The closed sale shall be conducted in the manner established by Items 4-9 of Article 110 of the present Federal Law, except as otherwise established by the present article.

6. Property of which the balance sheet value as of the last accounting date before the date of approval of the external administration plan is less than 100,000 roubles shall be sold in the manner envisaged by the external administration plan.
7. The provisions of the present article shall not extend to the cases of realisation of a debtor's property which is a product manufactured in the course of the debtor's economic activity.

Article 112. Assignment of a Debtor's Right of Claim

1. The receiver shall be entitled to proceed to assign the debtor's rights of claim by means of selling them with the consent of a creditors' meeting (the creditors' committee).

2. The sale of the debtor's rights of claim shall be done by the receiver in the manner and on the terms set out in Items 3 and Article 111 85181.1115 by a federal law or ensues the essence of the claim. The terms of the contract of sale of a debtor's right of claim shall envisage the following:

   - the receipt of proceeds from the sold right of claims within 15 days after the conclusion of the sale contract;
   - the transfer of the right of claim is effected only after payment for it has been made in full.

Article 113. Performance of a Debtor's Obligations by the Owner of Property of a Debtor Being a Unitary Enterprise, by a Debtor's Promoters (Stakeholders) or by a Third Person or Third Persons

1. For the purposes of terminating proceedings in a bankruptcy case the owner of property of a debtor being a unitary enterprise, the promoters (stakeholders) of a debtor or a third person or third person at any time before the termination of external administration shall be entitled to meet all the claims of creditors in compliance with the register of creditors' claims or to grant funds to the debtor in an amount sufficient for meeting all the claims of creditors in compliance with the register of creditors' claims.

2. The owner of property of a debtor being a unitary enterprise, the promoters (stakeholders) of a debtor or a third person or third persons shall notify in writing the arbitration insolvency practitioner and the creditors of the commencement of satisfaction of the creditors' claims. After the receipt of the first notice by the arbitration insolvency practitioner, performance of the debtor's obligations to creditors shall not be acceptable from other persons. If the person which forwarded the notice has not commenced performing obligations within one week after the forwarding of the notice or has not met creditors' claims within one month in compliance with Item 4 of the present article, the notice shall be deemed invalid.

3. In the case of meeting creditors' claims or of provision of funds to a debtor by the owner of property of the debtor being a unitary enterprise, by the promoters (stakeholders) of the debtor or by a third person or third persons, the creditors of the debtor shall accept this satisfaction and the debtor shall satisfy the claims of the creditors and authorised bodies at the expense of the funds provided to the debtor.

   If creditors' claims cannot be met in compliance with Item 1 of the present article and Paragraph 1 of the present item due to a creditor's being in breach of the duty to provide information about himself/herself/itself as required for the purpose of effecting a settlement with this creditor, and equally in case when a creditor declines to accept the discharge of a debtor's obligation by other means the funds may be deposited with a notary.

4. The funds shall be deemed as having been granted to the debtor on the terms of an interest-free loan contract of which the effective term is determined by the time of calling but not earlier than the expiry of the term for which the external administration proceeding was instituted.

   A contract may be concluded between a third person or third persons and the debtor's managerial bodies authorised in compliance with the constitutive documents to adopt decisions on the conclusion of large transactions, and on other terms for the granting of funds for the purposes of discharging the debtor's obligations.

5. Where the debtor's obligations are discharged by the owner of property of the debtor being a unitary enterprise,
by the promoters (stakeholders) of the debtor or a third person or third persons the completion of external administration and termination of proceedings in the bankruptcy case shall be done in compliance with Article 116 of the resent Federal Law.

Article 114. Flotation of Debtor's Additional Ordinary Shares

1. For the purpose of restoring a debtor's solvency the external administration plan may envisage an increase in the authorised capital of the debtor being a joint-stock company by means of floating additional ordinary shares.

An increase in the authorised capital by means of floating additional ordinary shares may be included in the external administration plan exclusively at the petition on the debtor's managerial body that has adopted the decisions specified in Item 2 of Article 94 of the present Federal Law.

In the case of receipt of a petition from the debtor's managerial body for including an increase of the authorised capital of the debtor being a joint-stock company in the external administration plan by means of floating additional ordinary shares of the debtor the receiver shall hold a creditors' meeting for the purpose of considering the petition of the debtor's managerial body for inclusion of a decision on the issuance of additional ordinary shares of the debtor in the external administration plan.

2. The flotation of the debtor's additional ordinary shares may be performed only by closed subscription. The term of flotation of the debtor's additional ordinary shares shall not exceed three months. The state registration of a report on the results of flotation of the debtor's additional ordinary shares shall be effected within one month after the termination of external administration.

3. The shareholders of the debtor shall have a priority right to acquire the debtor's additional ordinary shares being floated, in the manner envisaged by a federal law.

The term provided to the shareholders of the debtor to exercise their priority right to acquire the debtor's additional ordinary shares shall not exceed 45 days after the commencement of flotation of the said shares.

4. The prospectus of issue (decision on the issuance of) of the debtor's additional ordinary shares shall comprise a provision for payment for additional ordinary shares only in monetary form.

5. If an issue of debtor's additional ordinary shares is deemed unaccomplished or invalid, the funds received by the debtor from the persons which have acquired the debtors' additional ordinary shares shall be refunded to such persons above the priority ranking of creditors' claims established by the present Federal Law.

Article 115. Substitution of Debtor's Assets

1. The substitution of assets of a debtor shall be effected by means of forming on one public joint-stock company or several public joint-stock companies on the basis of the debtor's property. In the case of formation of one public joint-stock company its authorised capital shall incorporate the whole property, in particular, rights in rem incorporated in the enterprise and intended for the pursuit of entrepreneurial activity. The composition of the enterprise shall be determined in accordance with Items 1 and 2 of Article 110 of the present Federal Law.

2. The substitution of assets of a debtor by means of forming one public joint-stock company or several public joint-stock companies on the basis of the debtor's property may be included in the external administration plan under a decision of the debtor's managerial body authorised under the constitutive documents to adopt decisions on the conclusion of relevant transactions of the debtor.

The possibility of replacing the debtors' assets may be included in the external administration plan on the condition that this decision is upheld by the voting of all the creditors whose obligations are secured by a pledge/ mortgage of the
debtor's property.

3. The external administration plan may envisage the formation of several public joint-stock companies whose authorised capital shall be paid for by the debtor's property intended for the pursuit of specific types of activity. The composition of the debtor's property contributed to the authorised capitals of the public joint-stock companies in formation shall be determined by the external administration plan.

The amount of the authorised capitals of the said companies shall be determined on the basis of the market value of the property contributed calculated on the basis of the report of an independent appraiser with due regard to the proposals of the debtor's managerial body authorised under the constitutive documents to adopt decisions on the conclusion of relevant transactions of the debtor.

4. In the case of substitution of assets of a debtor all the labour contracts effective when the decision was made to substitute the debtor's assets shall remain effective, with the employer's rights and duties being transferred to the newly formed public joint-stock company (public joint-stock companies).

The document confirming the availability of a licence for the pursuance of specific types of activity shall be subject to formalities with a view to issuing a document confirming the fact that the newly formed public joint-stock company (companies) holds (hold) a relevant licence in accordance with the procedure established by a federal law.

5. The shares of the public joint-stock company or the public joint-stock companies formed on the basis of the debtor's property shall be included in the debtors' estate and they can be sold at a public sale, except as otherwise established by the present article.

The sale of shares of the public joint-stock company or the public joint-stock companies formed on the basis of the debtor's property shall ensure an accumulation of funds for repayment of claims of all the creditors.

6. The sale at a public sale of the shares of a public joint-stock company or the public joint-stock companies formed on the basis of the debtors' property shall be effected in the manner set out in Article 110 of the present Federal Law.

The external administration plan may envisage a sale of the shares of the public joint-stock company or the public joint-stock companies formed on the basis of the debtor's property on the organised securities market.

Article 116. The Features of Completion of a Bankruptcy Proceeding and Termination of Proceedings in a Bankruptcy Case by the Owner of Property of a Debtor Being a Unitary Enterprise, a Debtor's Promoters (Stakeholders) or a Third Person or Third Persons

1. Upon the completion of discharge of the obligations of a debtor by the owner of property of the debtor being a unitary enterprise, the debtor's promoters (stakeholders) or by a third person or third persons the receiver shall within ten days notify all the creditors whose claims have been included in the register of creditors' claims that their claims have been met.

2. A report of the receiver shall be forwarded to the court of arbitration within 14 days without having been considered by a creditors' meeting.

3. The court of arbitration shall approve the report of the receiver in the manner and on the terms envisaged by Items 1, 7 of Article 119 85181.1193 of the present Federal Law.

Article 117. Receiver's Report

1. The receiver shall present a report of the receiver to a creditors' meeting for consideration:

on the results of external administration;
when grounds exist for terminating external administration before due time;

at the demand of the persons entitled to convene a creditors' meeting;

when sufficient funds have been accumulated for meeting all the claims of the creditors included in the register of creditors' claims.

2. If during external administration all the claims of the creditors included in the register of creditors' claims have been met in compliance with the present Federal Law, the receiver shall within one month after the date when all the claims of the creditors included in the register of creditors' claims were met notify thereof all the persons whose claims were included in the register of creditors' claims and lodge a receiver's report with the court of arbitration for approval.

3. The receiver's report shall contain the following:

the debtor's balance sheet as of the last accounting date;

a cash-flow statement;

a statement of the debtor's profits and losses;

information on the availability of free funds and other amounts of money of the debtor that can be used to meet creditors' claims relating to monetary obligations and the debtor's mandatory payments;

a breakdown of the debtor's outstanding accounts receivable and information on the debtor's rights of claim that have remained unrealised;

information on meeting the claims of the creditors included in the register of creditors' claims;

other information on the possibility of repayment of the debtor's outstanding accounts payable.

The register of creditors' claims shall be attached to the receiver's report.

4. The receiver's report shall comprise one of the below proposals:

for terminating external administration in connection with the fact that the debtor's solvency has been restored and for proceeding to effect settlements with the creditors;

for prolonging the established effective term of external administration;

for terminating proceedings in the bankruptcy case in connection with satisfaction of all creditors' claims in compliance with the register of creditors' claims;

for terminating external administration and filing a petition with the court of arbitration for declaring the debtor bankrupt and commencing winding-up procedure.

Article 118. Consideration of the Receiver's Report by a Creditors' Meeting

1. In cases when the report of a receiver is subject to consideration by a creditors' meeting, such a meeting shall be convened within three weeks after the announcement of the demand for holding the meeting of creditors for the purpose of considering the receiver's report or within three weeks after the occurrence of grounds for terminating external administration before due time or at least one month prior to the date of expiry of the established effective term of external administration.

2. The receiver shall provide the creditors with an opportunity for familiarising themselves in advance with the
receiver's report at least 45 days prior to the expiry of the established effective term of external administration or at least
ten days prior to the set date of the creditors' meeting.

3. On the results of consideration of the receiver's report the creditors' meeting shall be entitled to adopt one of the
below decisions:

to file a petition with the court of arbitration for terminating external administration in connection with restoration
of the debtor's solvency and for proceeding to effect settlements with the creditors;

to file a petition with the court of arbitration for terminating proceedings in the case due to the fact that all the
claims of the creditors are met in compliance with the register of creditors' claims;

to file a petition with the court of arbitration for declaring the debtor bankrupt and commencing winding-up
procedure;

to conclude a voluntary arrangement.

4. While considering a receiver's report in connection with the expiry of the external administration term set by the
court of arbitration the creditors' meeting shall be entitled to adopt a decision to file a petition with the court of
arbitration for prolonging the set external administration term on the condition that the total period of external
administration does not exceed the maximum duration of external administration admissible under the present Federal
Law.

Article 119. Approval of a Receiver's Report by the Court of Arbitration

1. It is compulsory for the report of a receiver to be subject to consideration by the court of arbitration, except for
the case when the receiver's report has been considered by a creditors' meeting at the demand of the persons entitled to
convene a creditors' meeting and the creditors' meeting after consideration of the report adopted neither of the decisions
specified in Item 3 of Article 118 of the present Federal Law.

2. If under the present Federal Law it is compulsory for the receiver's report to be subject to consideration by a
creditors' meeting, the receiver's report that has been considered by a creditors' meeting and the minutes of the creditors'
meeting shall be forwarded to the court of arbitration within five days after the date of the creditors' meeting.

Attached to the receiver's report shall be the register of creditors' claims as of the date of the creditors' meeting and
complaints of the creditors which voted against the decision adopted by the creditors' meeting or of the creditors which
did not take part in the voting.

3. The receiver's report and complaints against actions of the receiver, if any, shall be considered by the court of
arbitration within one month after the receipt of the receiver's report.

4. The receiver's report shall be subject to approval by the court of arbitration if:

all the creditors' claims included in the register of creditors' claims have been met in compliance with the present
Federal Law;

a creditors' meeting has adopted a decision to terminate external administration in connection with restoration of
the debtor's solvency and commencement of settlements with the creditors;

a voluntary arrangement has been concluded between the creditors and the debtor;

a creditors' meeting has adopted a decision to prolong the external administration term, except for the cases
specified by the present Federal Law.
5. The court of arbitration shall refuse to approve a receiver's report if:

- the creditors' claims included in the register of creditors' claims have not been met;
- there is no evidence of restoration of the debtor's solvency;
- circumstances exist which prevent the conclusion of a voluntary arrangement.

6. According to the results of consideration of a receiver's report a ruling shall be issued on:

- the termination of proceedings in the bankruptcy case if all the creditors' claims in compliance with the register of creditors' claims have been met, or if the court of arbitration has approved a voluntary arrangement;
- the commencement of settlements with the creditors if the petition filed by a creditors' meeting for terminating external administration in connection with the restoration of the debtor's solvency and commencement of settlements with the creditors has been satisfied;
- the prolongation of the external administration term if a petition for prolongation of the external administration term has been satisfied;
- to refuse approving the receiver's report if the circumstances defined by Item 5 of the present article are discovered by a court as preventing the approval of the receiver's report.

7. If there is a petition of a creditors' meeting for declaring the debtor bankrupt and commencing winding-up procedure and also if the court of arbitration has refused to approve the receiver's report or if this report was not filed within one month after the expiry of the established external administration term the court of arbitration may adopt a decision to declare the debtor bankrupt and commence winding-up procedure.

Article 120. The Consequences of Issuance of a Ruling on Commencing Settlements with Creditors

1. The issuance of a ruling by a court of arbitration on commencing settlements with creditors shall be deemed a ground for commencing settlements with all the creditors in compliance with the register of creditors' claims.

2. The ruling on commencement of settlements with creditors shall indicate a term for completing settlements with the creditors which shall not exceed six months after the date of this ruling.

After the termination of settlements with the creditors the court of arbitration shall issue a ruling on the approval of the receiver's report and on termination of proceedings in the bankruptcy case.

3. If settlements with the creditors have not been completed within the term set by the court of arbitration the court of arbitration shall adopt a decision to declare the debtor bankrupt and commence winding-up procedure.

Article 121. Settlements with Creditors

1. Settlements with creditors shall be effected by the receiver in compliance with the register of creditors' claims beginning from the date of the arbitration court's ruling on commencement of settlements with the creditors or ruling on commencement of settlements with creditors of a specific priority ranking category.

2. Settlements with creditors shall be effected in the manner envisaged by Articles 134-138 of the present Federal Law with due regard to the features established by the present article.

3. Having met the claim of a creditor included in the register of creditors' claims the receiver or registrar shall delete the claim from the register of creditors' claims.
If the register of creditors’ claims is kept by a registrar the documents confirming that the claims of a creditor have been met shall be forwarded by the receiver to the registrar.

Article 122. Settlements with Creditors of a Specific Priority Ranking Category

1. Having accumulated funds sufficient for settlements with the creditors of a specific priority ranking category, the receiver shall file a petition with the court of arbitration for the issuance of a ruling on settlements with the creditors of this category and notify of the petition the creditors whose claims are included in the register of creditors’ claims. The petition for the issuance of a ruling on settlements with creditors of a specific priority ranking category shall comprise the receiver's proposal concerning the proportion in which creditors’ claims are to be met.

2. The court of arbitration shall consider the receiver's petition specified in Item 1 of the present article in a court hearing and if there are sufficient funds for meeting the claims of creditors of the specific category and if there are no valid complaints on creditors' part it shall issue a ruling on commencement of settlements with the creditors of the specific priority ranking category.

The issuance of a ruling on commencement of settlements with the creditors of a specific priority ranking category by a court of arbitration shall be deemed ground for beginning settlements with the creditors of this category in compliance with the register of creditors' claims.

3. The following shall be established by the ruling of a court of arbitration on commencement of settlements with the creditors of a specific priority ranking category:

   the priority ranking of the claims of the creditors whose claims begin to be met;

   the completion date for settlements with the creditors of this category which shall not exceed two months after the date of the said ruling;

   the proportion for meeting the claims of the creditors of this category.

4. If the court of arbitration established creditors’ claims subject to satisfaction according to the priority ranking for the creditors of which a ruling had been issued on the commencement of settlements with them, the court of arbitration may issue a ruling whereby the procedure for meeting creditors’ claims is changed.

5. If the settlements with the creditors of a specific priority ranking or settlements in a specific proportion have not been completed within the term set by the court of arbitration the shall be entitled to demand that interest be accrued on the outstanding amount of money at the rate set by Item 2 of Article 95 of the present Federal Law, beginning from the date of the ruling on commencing settlements with the creditors of the specific priority ranking to the date when the creditor’s claims are fully met or are met in the specific proportion.

Article 123. Procedure for Terminating the Powers of a Receiver

1. The termination of proceedings in a bankruptcy case or the adoption of a decision by the court of arbitration whereby a debtor is declared bankrupt and winding-up procedure is commenced shall entail termination of the powers of the receiver.

2. If an external administration is terminated by the conclusion of a voluntary arrangement or by repayment of the creditors’ claims the receiver shall keep executing his/her duties within the competence of head of the debtor until the date of election (appointment) of a new head of the debtor.

The receiver shall convene the managerial body of the debtor within the scope of powers of which, under the present Federal Law and the constitutive documents of the debtor, falls the consideration of the issue of electing (appointing) the head of the debtor so that the managerial body considers the issue of electing (appointing) the head of
the debtor.

The powers of the other managerial bodies of the debtor and of the owner of property of the debtor being a unitary enterprise shall be restored.

3. In case when the court of arbitration adopted the decision to declare the debtor bankrupt and commence winding-up procedure and approved another person as the administrator or if the administrator cannot be approved simultaneously with the adoption of such a decision, the receiver shall perform the duties of receiver until the date when the administrator is approved.

The receiver shall transfer his powers and documentation to the administrator within three working days after the date of approval of the administrator.

Chapter VII. Winding-Up

Article 124. General Provisions on Winding-Up

1. The adoption of the decision to declare a debtor bankrupt shall entail commencement of winding-up procedure.

2. Winding-up procedure shall be instituted for a one-year term. The effective term of the winding-up procedure may be extended at the petition of a person deemed party to the case by up to six months.

3. The arbitration court's ruling on prolongation of the effective term of winding-up procedure shall take effect immediately and shall be subject to appeal in the manner established by Item 3 of Article 61 of the present Federal Law.

Article 125. Performance of the Obligations of a Debtor by the Owner of Property of the Debtor Being a Unitary Enterprise, by the Promoters (Stakeholders) of the Debtor or by a Third Person or Third Persons During Winding-Up Procedure

1. The owner of property of a debtor being a unitary enterprise, the promoters (stakeholders) of a debtor or a third person or third persons at any time before the winding-up term shall be entitled to simultaneously meet all the creditors' claims in compliance with the register of creditors' claims or to provide funds to the debtor sufficient for meeting all the creditors' claims in compliance with the register of creditors' claims in the manner and on the terms set out in Article 113 of the present Federal Law.

2. When the debtor's obligations are discharged by the owner of property of the debtor being a unitary enterprise, the founders (stakeholders) of the debtor or a third person or third persons, a report shall be presented by the administrator in the manner envisaged in Items 1 85181.1161 and 2 of Article 116 of the present Federal Law.

3. The approval of the administrator's report shall be effected by the court of arbitration in the manner and on the terms set out in Item 3 85181.1193 , Paragraphs 1 and 2 of Item 4 and Article 119 85181.1195

4. According to the results of consideration of the administrator's report the court of arbitration shall issue a ruling whereby proceedings are terminated in the bankruptcy case if all the creditors' claims in compliance with the register of creditors' claims have been met or if the court of arbitration has approved a voluntary arrangement.

Article 126. The Consequences of Commencement of Winding-Up

1. As of the date of adoption of the decision by the court of arbitration whereby a debtor is declared bankrupt and winding-up procedure is commenced:

   the monetary obligations and mandatory payments of the debtor that occurred prior to the institution of winding-up procedure shall be deemed due;
the accrual of forfeit money (fines, penalties), interest and other financial sanctions on all types of the debtor's indebtedness is terminated;

information on the debtor's financial state is no longer classified as confidential or as a commercial secret (Garant 12036454);

the conclusion of transactions relating to alienation of the debtor's property or entailing transfer of the debtor's property to third persons for use is allowed exclusively in the manner established by the present chapter;

execution is terminated under writs of execution, in particular, those that were being executed during the bankruptcy proceedings that have been instituted earlier, except as otherwise established by the present Federal Law;

all creditors' claims relating to monetary obligations, mandatory payments, or other claims on property, except for claims for recognition of a right of ownership, collecting compensation for moral harm, demanding property from another's illegal possession, recognition of transactions as null and void and on application of the measures for the invalidity thereof, and also the current obligations specified in Item 1 of Article 134 of the present Federal Law, may be presented only during the winding-up procedure;

the execution documents under which execution has been terminated in compliance with the present Federal Law shall be subject to transfer by bailiffs to the administrator in the manner established by a federal law;

the seizure imposed earlier on the debtor's property and other injunctions concerning the disposal of the debtor's property are lifted. The ground for lifting the seizure imposed on the debtor's property shall be deemed as follows: a court decision whereby the debtor is declared bankrupt and winding-up procedure is commenced. The imposition of a new seizure on the debtor's property and other limitations on disposal of the debtor's property is prohibited;

the debtor's obligations are performed in the cases and in the manner established by the present chapter.

2. As of the date of adoption of a decision by the court of arbitration whereby a debtor is declared bankrupt and winding up procedure is commenced, the powers of the following are terminated: the head of the debtor, the other debtor's managerial bodies and of the owner of property of the debtor being a unitary enterprise authorised under the constitutive documents to make decisions on concluding large transactions, make decisions on concluding agreements on the terms for provision of funds to a third person or third persons for the purpose of discharging the debtor's obligations.

The head of the debtor, and also the interim receiver, administrative receiver and receiver shall within three days after the approval of the administrator ensure the transfer of the debtor's accounting and other documentation, seals, rubber stamps, material and other valuables to the administrator.

If they decline from performing the said duty the head of the debtor, and also the interim receiver, administrative receiver and receiver shall be held accountable under the legislation of the Russian Federation.

3. During winding-up procedure representatives of the owner of property of the debtor being a unitary enterprise, and also the promoters (stakeholders) of the debtor shall enjoy the rights of persons deemed party to the bankruptcy case.

Article 127. The Administrator

1. While adopting a decision whereby a debtor is declared bankrupt and winding-up procedure is commenced, the court of arbitration shall approve an administrator in the manner envisaged by Article 45 of the present Federal Law and the rate of the administrator's remuneration, with a ruling to this effect being issued by the court. The said ruling shall take effect immediately and shall be subject to appeal.
2. The administrator shall act until the date of completion of the winding-up procedure.

Article 128. Publication of Information on Declaration of a Debtor Bankrupt and Commencement of Winding-Up Procedure

1. The publication of information on declaration of a debtor bankrupt and commencement of winding-up procedure shall be executed by the administrator in the manner envisaged by Article 28 of the present Federal Law. Within ten days after his/her approval the administrator shall forward the information for publication.

2. The following information on the declaration of a debtor as bankrupt and commencement of winding-up procedure shall be subject to publication:

   the name and other details of the debtor declared bankrupt;

   the name of the court of arbitration responsible for proceedings in the bankruptcy case, and the number of the case;

   the date of the arbitration court's decision whereby the debtor was declared bankrupt and winding-up procedure was commenced;

   the date of closing of the register of creditors' claims set in compliance with Item 1 of Article 142 of the present Federal Law;

   the address of the debtor for the purpose of creditors' presenting their claims to the debtor;

   information on the administrator and the relevant self-regulating organisation.

Article 129. The Powers of an Administrator

1. From the date of approval of an administrator to the date of termination of proceedings in the bankruptcy case or conclusion of a voluntary arrangement or removal of the administrator, the administrator shall exercise powers of head of the debtor and other managerial bodies of the debtor, as well as those of the owner of property of the debtor being a unitary enterprise, within the limits, in the manner and on the terms established by the present Federal Law.

2. The administrator shall:

   take under his/her control the debtor's property, and perform stock-taking in respect of this property;

   recruit an independent appraiser to value the debtor's property, except for the cases specified by the present Federal Law;

   notify the debtor's employees of forthcoming dismissal within one month after the date of institution of winding-up procedure;

   take measures for preserving the debtor's property;

   analyse the financial state of the debtor;

   present claims to third persons owing to the debtor for collection of their debts in the manner established by the present Federal Law;

   declare in the established manner objections to creditors' claims addressed to the debtor;

   keep a register of creditors' claims, except as otherwise required by the present Federal Law;
take measures for looking for, revealing and recovering the debtor's property in third persons' possession;

exercise other duties established by the present Federal Law.

3. The administrator shall be entitled to:

dispose of the debtor's property in the manner and on the terms established by the present Federal Law;

dismiss the debtor's employees, in particular, the head of the debtor in the manner and on the terms established by a federal law;

declare a refusal to perform contracts and other transactions in the manner established by Article 102 of the present Federal Law. The administrator shall not be entitled to declare a refusal to perform the debtor's contracts if there exist circumstances preventing restoration of the debtor's solvency;

transfer the debtor's documents subject to compulsory keeping under federal laws into storage. The procedure and terms for passing debtor's documents for storage shall be determined by federal laws and other regulatory legal acts;

file a suit for declaring as invalid the transactions concluded by the debtor, in particular, on the grounds set out in Article 103 of the present Federal Law, for demanding the debtor's property from third persons and for rescinding the contracts concluded by the debtor, and commit other actions envisaged by federal laws and other regulatory acts of the Russian Federation and aimed at recovering debtor's property;

exercise other rights relating to the execution of the duties vested therein as established by the present Federal Law.

4. In the cases specified by Item 1 of Article 103 of the present Federal Law a suit for declaring a transaction as invalid or for applying the consequences of the invalidity of a transaction declared null and void shall be filed by the administrator in the debtor's name.

In the cases specified by Items 2-5 of Article 103 of the present Federal Law the administrator shall file a suit for declaring transactions invalid or applying the consequences of the invalidity of a transaction declared null and void in his/her own name.

5. If grounds established by a federal law exist, the administrator shall present demands to third persons which having subsidiary liability under a federal law for the debtor's obligations in connection with the debtor's having become bankruptcy.

The amount of liability of the persons held subsidiarily liable under the present item shall be assessed on the basis of the difference between the amount of creditors' claims included in the register of creditors' claims and the amounts of money received from the sale of the debtor's property or substitution of assets of the debtor being an organisation.

Article 130. Appraisal of Debtor's Property

1. During winding-up procedure the administrator shall carry out a stock-taking and appraisal of the debtor's property.

For the purpose of doing so the administrator shall recruit independent appraisers and other specialists, with payment for their services being effected at the expense of the debtor's property, unless another source of payment is established by a creditors' meeting (the creditors' committee).

The appraisal of the debtor's property shall be carried out by an independent appraiser, except as otherwise established by the present Federal Law.
A creditors' meeting (the creditors' committee) shall be entitled to designate a person in which the duty is vested, on the person's consent, to make payment for the said services as involving a subsequent top priority compensation for the expenses incurred by the person at the expense of the debtor's property.

2. The property of a debtor being a unitary enterprise or a debtor being a joint-stock company of whose voting shares 25 per cent are under state or municipal ownership shall be appraised by an independent appraiser as involving the presentation of a statement of the state financial control body on the appraisal so completed, except for the cases specified in Item 3 of the present article.

3. By decision of a creditors' meeting or the creditors' committee the appraisal of movable property of the debtor of which the balance sheet value as of the last accounting date preceding the declaration of the debtor as bankrupt makes up less than 100,000 roubles, may be carried out without the participation of an independent appraiser.

The promoters (stakeholders) of the debtor or the owner of property of the debtor being a unitary enterprise, bankruptcy creditors and authorised bodies shall be entitled to appeal the results of the debtor's property appraisal in the manner established by a federal law.

Article 131. The Debtor's Estate

1. All the property of a debtor available as of the time of the winding-up procedure commencement and revealed during winding-up procedure shall be deemed the estate of the debtor.

BEGIN COMMENTARY:

Federal Law (Garant 12038250) No. 192-FZ of December 29, 2004 amended Item 2 of Article 131 of this Federal Law

See the text of the Item in the previous wording (Garant 3901662)

END COMMENTARY

2. The following shall be excluded from the property of the debtor that makes up the debtor's estate: property exempt from alienability, rights in rem relating to the debtor's personality, in particular, rights based on a held licence for the pursuance of specific types of activity and also other property specified by the present Federal Law.

The property being the subject matter of a pledge/mortgage shall be taken into account within the debtor's property and it shall be subject to compulsory appraisal.

In the cases established by a federal law, the property which is the mortgage cover of a debtor that carried out, in accordance with
Federal Law (Garant 12033150) No. 152-FZ of November 11, 2003 on Mortgage Securities (hereinafter, the "Federal Law on Mortgage Securities") an emission of bonds with mortgage cover shall be excluded from the bankruptcy assets of a debtor, and the demands of the creditors holding bonds with mortgage cover shall be satisfied in the procedure established by the
Federal Law (Garant 12033150) on Mortgage Securities.

3. For the purpose of keeping appropriate record of the debtor's property that makes up the debtor's estate, the administrator shall be entitled to recruit accountants, auditors and other specialists.

Article 132. The Debtor's Property Not Included in the Debtor's Estate

1. If there is property exempt from alienability within the composition of the debtor's property, the administrator
shall notify thereof the owner of the property exempt from alienability.

2. The owner of the property exempt from alienability shall accept this property from the administrator or attach it to other persons within six months after the date of receipt of the notice from the administrator.

3. If the owner of the property exempt from alienation defaults on the duty specified in Item 2 of the present article upon the expiration of six months after the date of receipt of the notice from the administrator all expenses towards the maintenance of the property exempt from alienation shall be borne by the owner of this property, except as otherwise established by the present article.

4. Pre-school educational institutions, general education institutions, medical treatment institutions, sports facilities, public infrastructure facilities classified as life-support facilities (hereinafter referred to as “socially significant facilities”) shall be sold at a sale in the form of a tender in the manner established by Article 110 of the present Federal Law.

The condition sine qua non of such a tender shall be the duty of the buyer of socially significant facilities to make sure they are maintained and operated and that they are used in accordance with the purpose they are intended for. The other terms of the tender shall be determined by a creditors' meeting (creditors' committee) on the proposal of the local government body.

The selling price of socially significant facilities shall be assessed by an independent appraiser. Proceeds from the sale of the socially significant facilities shall be included in the debtor's estate.

After the completion of the tender the local government body shall conclude an agreement on compliance with the terms of the tender with the buyer of the socially significant facilities.

In the event of a significant breach of or default on observance of the agreement on compliance with the terms of the tender by the buyer of the socially significant facilities, the said agreement and the contract of sale/purchase of the socially significant facilities shall be subject to rescission by the court at the application of the local government body.

In the event of rescission by the court of the said agreement and the contract of sale/purchase of the socially significant facilities such facilities shall be subject to transfer to the municipal entity to become the entity's property and the funds paid under the contract of sale/purchase of the socially significant facilities shall be refunded to the buyer at the expense of the local budget.

5. Social-use housing facilities and also social significance facilities which have not been sold in the manner specified by Item 4 of the present article shall be subject to transfer to a relevant municipal entity to become its property as represented by local government bodies, with a notice to this effect being served by the administrator to the said bodies.

6. The transfer of the housing resources for social use and any objects of social importance specified in Item 5 of the present Article to the ownership of a municipal formation shall be effected without setting any additional terms for it.

7. Local government body officials defaulting on performance under Items 5 and 6 of the present article shall be accountable under a federal law.


BEGIN COMMENTARY:

See the text of Item 8 of Article 132 (Garant 3900467)
Article 133. Debtor's Accounts in Winding-Up

1. The administrator shall use only one debtor's account in a bank or other credit organisation (the principal account of the debtor), or if it is not available or if transactions cannot be accomplished on existing accounts, she/he shall open such an account during winding-up, except for the cases stipulated by this Article.

If third persons have a foreign-currency denominated debt to the debtor the administrator shall be entitled to open or use the debtor's foreign-currency denominated account in the manner established by federal law.

The other debtor's accounts in credit organisations known of as of the time of commencement of the winding-up and also discovered during the winding-up, except for the accounts opened for settlements relating to an activity relating to trust administration, and special broker's accounts of a professional participant in the securities market pursuing brokerage activity, shall be subject to closure by the administrator as they are discovered, except as otherwise established by the present article. The debtor's cash balance of the said accounts shall be remitted to the debtor's principal account.

If a bank or another credit organisation defaults on observing bank account terms due to the revocation of the organisation's banking activity licence, the administrator shall be entitled to assign the right of claim of cash from the bank account in the manner envisaged by Article 140.
2. The debtor's principal account shall be credited with the debtor's funds coming in as the winding-up progresses. Payments to creditors shall be made from the debtor's principal account in the manner envisaged by Article 134 of the present Federal Law.

3. The administrator shall present a report on the uses of the debtor’s funds to the court of arbitration or creditors’ meeting (creditors' committee) if requested to do so, but not more than once a month.

4. If a debtor carried out, in accordance with the Federal Law (Garant 12033150) on Mortgage Securities, an emission of bonds with mortgage cover, then the bankruptcy commissioner must open a separate account in a bank or in another credit organisation for entering thereto the monetary funds representing the mortgage cover and which are received in the course of the bankruptcy proceedings in execution of the liabilities, the rights of demand on which make up the mortgage cover, and also open a special mortgage account for entering thereto the monetary funds received in the course of the realisation of the mortgage cover.

   If a debtor carried out several emissions of bonds with different mortgage covers, then a special mortgage account shall be opened for each mortgage cover.

   From the special mortgage account payments shall be made to the creditors holding bonds with the relevant mortgage cover, and also the payments for the current liabilities connected with the realisation of the mortgage cover.

Article 134. The Priority Ranking of Creditors’ Claims

1. The following current obligations shall be repaid at the expense of the debtor's estate as top priority:

   the debtor's court expenses, in particular, expenses towards publication of announcements specified in Articles 28 and 54 of the present Federal Law;

   expenses relating to disbursement of remuneration for the benefit of the arbitration receiver, registrar;

   current utility and operation payments required for performing the debtor's operation;

   creditors' claims that occurred in the period following the debtor's being declared bankrupt by an arbitration court's decision, and before the time when the debtor was declared bankrupt, and also the creditors' claims relating to monetary obligations that occurred during winding-up, except as otherwise established by the present Federal Law;

   debts owing as wages/salaries that have occurred after the arbitration court's decision whereby the debtor was declared bankrupt and as remuneration for the labour of the debtor's employees accrued in the winding-up period;

   other expenses relating to the implementation of winding-up procedure. If the termination of activity of an organisation of the debtor or its structural units could cause man-made and/or ecological disasters or deaths, top priority shall be given to expenses towards the implementation of measures for the prevention of the said consequences.

2. Creditors' claims relating to the debtor's foreign-currency denominated monetary obligations shall be met in the manner established by the present Federal Law.

3. The priority ranking of creditors' claims relating to the debtor's current obligations specified in Item 1 of the present article shall be determined in compliance with Article 855 (Garant 10064072) of the Civil Code of the Russian Federation.

4. Creditors' claims shall be met according to the following priority ranking:

   the first priority ranking is for settlements relating to the claims of the citizens to whom the debtor is liable for harm
inflicted to life or health, such settlements being effected by means of capitalising relevant time-based payments, and also compensation for moral harm;

the second priority ranking is for settlements relating to disbursement of severance benefits and remuneration for the labour of the persons who are working or have been working under a labour contract and disbursement of royalties under copyright contracts;

the third priority ranking is for settlements with other creditors. Creditors’ claims relating to obligations secured with a pledge/mortgage of the debtor's property shall be met at the expense of the value of the subject matter of the pledge/mortgage prior to the other creditors, except for obligations to the first and second priority ranking creditors in respect of which the claims occurred prior to the conclusion of a relevant contract of pledge/mortgage.

5. When remuneration is paid for the labour of the debtor's employees who keep working during the winding-up period and who have been hired during the winding-up period, the administrator shall carry out the withholdings required under law (alimony, income tax, trade union dues, insurance premiums, etc.) and effect the payments for which the employer is responsible under federal law.

Article 135. The Amount of and Payment Procedure for First Priority Ranking Creditors’ Claims

1. The amount of claims of the citizens to which the debtor is liable for harm to life or health shall be calculated by means of capitalising the relevant time-based payments that were established as of the date of adoption by the court of arbitration of the decision whereby the debtor was declared bankrupt and winding-up was commenced and which are payable to the citizens until they reach the age of 70 but at least for ten years. The procedure and terms for capitalising relevant time-based payments shall be determined by the Government of the Russian Federation.

If the age of a citizen exceeds 70 years, the period of capitalisation of relevant time-based payments shall make up ten years.

2. The disbursement of the capitalised time-based payments of which the amount is determined in the manner set out in Item 1 of the present article shall discharge the relevant obligation of the debtor.

3. On the citizen's consent his/her right of claim in the amount of capitalised time-based payments shall be transferred to the Russian Federation.

If it is transferred to the Russian Federation, the said claim shall also be met as top priority.

In this case the debtor's obligation to the citizen in the form of capitalised time-based payment disbursement shall be transferred to the Russian Federation and shall be performed by the Russian Federation in compliance with a federal law in the manner determined by the Government of the Russian Federation.

Claims for compensation of a moral harm shall be met in the amount set by a court decision.

Article 136. The Amount of and Procedure for Meeting Second Priority Ranking Creditors’ Claims

1. While determining the amount of claims relating to the disbursement of severance benefits and wages/salaries of the persons who are working or have been working under a labour contract, and disbursement of royalties under copyright contracts, account shall be taken of the outstanding debts that have occurred as of the date when the court of arbitration accepted the application for declaring the debtor bankrupt.

2. If, during the period from the issuance by the court of arbitration of the ruling on acceptance of the application for declaring the debtor bankrupt to the time when the debtor is declared bankrupt and winding-up is commenced, the debtor has not fulfilled in full his/her/its obligations relating to remuneration for the labour of the persons who are working or have been working under a labour contract and disbursement of royalties under copyright contracts, the
amounts of money that have not been disbursed before the adoption by the court of arbitration of the decision on declaring the debtor bankrupt and commencing winding-up shall be met as part of the current claims.

Article 137. The Claims of Third Priority Ranking Creditors

1. While assessing the amount of third priority ranking creditors' claims one shall take into account the claims of the bankruptcy creditors and authorised bodies.

2. If, in the period from the issuance by the court of arbitration of the ruling on accepting the application for declaring the debtor bankrupt to the commencement of winding-up, the debtor has not paid in full mandatory payments, the claims that have not been met before the adoption by the court of arbitration of the decision on declaring the debtor bankrupt and commencing winding-up procedure shall be met as top priority.

3. The claims of third priority ranking creditors for compensation of losses in the form of lost advantage, collection of forfeit money (fines, penalties) and other financial sanctions, in particular, those imposed for a default on or improper performance of the duty to make mandatory payments shall be recorded separately in the register of creditors' claims and they shall be met after the payment of the principal debt and payable interest.

4. The features of record-keeping and meeting the claims of third priority ranking creditors related to the obligations secured by a pledge/mortgage of the debtor's property shall be defined by Article 138 of the present Federal Law.

Article 138. Creditors' Claims Relating to Obligations Secured by a Pledge/Mortgage of the Debtor's Property

1. Creditors' claims relating to obligations secured by the pledge/mortgage of the debtor's property shall be taken into account as part of the third priority ranking creditors' claims.

2. Creditors' claims relating to obligations secured by the pledge/mortgage of the debtor's property shall be met at the expense of proceeds from the sale of the subject matter of the pledge/mortgage prior to the other creditors after the sale of the subject matter of the pledge/mortgage, except for the obligations to first and second priority ranking creditors in respect of which the right of claim occurred before the conclusion of the relevant contract of pledge/mortgage.

The creditors' claims relating to obligations secured by the pledge/mortgage of the debtor's property which have not been met at the expense of proceeds from the sale of the subject matter of the pledge/mortgage shall be met as part of third priority ranking creditors' claims.

3. The sale of the subject matter of a pledge/mortgage shall be effected at a public sale.

Article 139. The Sale of Property of a Debtor

1. During one month after the completion of stock-taking and appraisal of the debtor's property the administrator shall present to a creditors' meeting (the creditors' committee) for approval proposals for the procedure, date and terms of sale of the debtor's property. The terms of sale of the debtor's property shall include a provision for the receipt of proceeds for the sold property within one month after the date of conclusion of the sale/purchase contract or seven days after the occurrence of the buyer's right of ownership.

2. If within two months after the date when the administrator presented to a creditors' meeting (the creditors' committee) proposals for the procedure, date and terms of sale of the debtor's property, the procedure, date and terms of sale of the debtor's property have not been approved by a creditors' meeting (creditors' committee) the creditors' meeting (creditors' committee) or the administrator shall have a right to file an application with the court of arbitration for resolving these disagreements.

According to the results of consideration of the disagreements the court of arbitration shall either approve the
procedure, date and terms of sale of the property or release the administrator from his/her duties.

3. If during the winding-up period circumstances arise in connection to which amendments are required to the procedure, date and terms of sale of the debtors' property the administrator shall present appropriate proposals to a creditors' meeting (the creditors' committee) for amending the procedure, date and terms of sale of the debtor's property to be approved by the meeting (committee) within one month after the occurrence of the said circumstances.

4. After the completion of stock-taking and appraisal of the debtor's property the administrator shall begin to sell the property of the debtor at public sales, unless another procedure is established by the present Federal Law for the sale of the debtor's property.

5. The initial selling price of the debtor's property put up for sale shall be determined by an independent appraiser, except as otherwise envisaged by the present Federal Law.

6. The sale of an enterprise or another piece of property of the debtor shall be effected in the manner and on the terms established by Items 3-8 of Article 110 and Article 111 of the present Federal Law with due regard to the features set out in the present chapter.

Article 140. Assignment of Debtor's Rights of Claim

1. On the consent of a creditors' meeting (creditors' committee) the administrator shall be entitled to commence assigning the debtor's rights of claim by means of selling them.

2. The sale of the debtor's rights of claim shall be effected by the administrator in the manner and on the terms established by Items 3 and of Article 111 established by a federal law or ensue the essence of the claim. The terms of a contract of sale of debtor's rights of claim shall envisage the following:

   the receipt of proceeds from the sale of the debtor's rights of claim within 15 days after the conclusion of the contract of sale/purchase of the rights of claim;

   the transfer of a right of claim only after payment for the right of claim has been made in full.

3. If disagreements exist between the administrator and the creditors' meeting (the creditors' committee) on an issue concerning agreement on the procedure for the sale of the debtors' rights of claim, these disagreements shall be resolved in accordance with the procedure set out in Item 2 of Article 139 of the present Federal Law.

Article 141. Substitution of Debtor's Assets in Winding-Up

1. Under a decision of a creditors' meeting during the winding-up period, the debtor's assets may be substituted on the condition that the decision to do so is voted for by all the creditors whose obligations are secured with the pledge/mortgage of the debtor's property.

2. Substitution of debtor's assets shall be effected in the manner and on the terms set out in Items 2-6 of Article 115 of the present Federal Law.

Article 142. Settlements with Creditors in Winding-Up

1. The administrator or the persons entitled under Articles 113 and 125 of the present Federal Law to discharge the debtor's obligations shall effect settlements with creditors in compliance with the register of creditors' claims.

   The amount of creditors' claims shall be determined in the manner set out in Article 100 of the present Federal Law.
The register of creditors' claims shall be subject to closure upon the expiration of two months after the publication
of information on the debtor's having been declared bankrupt and winding-up procedure having been commenced.

2. The claims of creditors of each priority ranking category shall be met after the meeting in full of the claims of
creditors of the preceding priority ranking category, except for the cases specified in the present Federal Law for
meeting the creditors' claims secured by the pledge/mortgage of the debtor's property.

If funds cannot be remitted into a creditor's account (deposit) the amounts of money payable thereto shall be
deposited by the administrator with a notary at the debtor's location, and notice shall be given to the creditor to this
effect.

In the event the funds deposited with a notary are not claimed by the creditor within three years after they are
deposited with the notary, the said funds shall be remitted by the notary to the federal budget.

3. If the debtor's funds are insufficient to meet the claims of creditors of a specific priority ranking category the
funds shall be distributed among the creditors of this category pro rata to the amounts of their claims included in the
register of creditors' claims, except as otherwise envisaged by the present Federal Law.

4. The claims of bankruptcy creditors and/or authorised bodies declared after the closing of the register of
creditors' claims and also the claims for mandatory payments that have occurred after the commencement of
winding-up, irrespective of the date when they are presented, shall be met at the expense of the debtor's property
remaining after the creditors' claims included in the register of creditors' claims have been met.

Settlements with creditors relating to such claims shall be effected by the administrator in the manner established
by the present article.

5. The claims of first priority ranking creditors declared before the completion of settlements with all the creditors
(in particular, after the closure of the register of creditors' claims) but after the completion of settlement with the first
priority ranking creditors which declared their claims within the established term shall be met before the meeting of
claims of the creditors of lower categories. The meeting of creditors of lower categories shall be suspended until the
time when the said claims of first priority ranking creditors have been met.

If such claims were declared before the completion of settlements with first priority ranking creditors, they shall be
met after the completion of settlements with first priority ranking creditors which declared their claims within the
established term, if there are sufficient funds for meeting them.

The claims of second priority ranking creditors declared before the completion of settlements with all the creditors
(in particular, after the closure of the register of creditors' claims) shall be met in accordance with the procedure similar
to the one established by Paragraphs 1 and 2 of the present item.

6. If as of the time of commencement of settlements with the creditors of a specific priority ranking category there
are disagreements between the administrator and creditor in respect of a declared claim of the creditor which are
scruinised by the court of arbitration the administrator shall put aside funds in an amount sufficient for meeting the
claims of the creditor on a pro rata basis.

7. The claims of third priority ranking creditors declared within the set term but established by the court of
arbitration after the commencement of repayment of claims of third priority ranking creditors shall be met in the amount
envisaged for repayment of third priority ranking creditors' claims.

8. "Settled creditors' claims" shall mean claims met and also claims in respect of which a release-money agreement
has been reached or an announcement of termination of obligation by set-off has been made by the administrator if there
exist other grounds for the discharge of the obligation.
Only the debtor's property free of an encumbrance in the form of a pledge/mortgage may be provided as release-money.

Termination of obligation by set-off and also settlement of a claim by the provision of release-money shall be allowed only if priority ranking is observed and if creditors' claims are met on a pro rata basis.

9. Settlement of creditors' claims by means of conclusion of a release-money agreement shall be permitted if this agreement is agreed upon by a creditors' meeting (the creditors' committee).

Settlement of creditors' claims by means of concluding an obligation novation agreement is prohibited in winding-up procedure.

The claims of creditors not settled due to insufficiency of the debtor's property shall be deemed settled.

Also settled shall be deemed the claims of creditors not recognised by the administrator if the creditor has not applied to a court of arbitration or if such claims have been declared by the court of arbitration as lacking grounds.

10. The administrator shall enter information on the settlement of creditors' claims in the register of creditors' claims.

11. The creditors whose claims have not been met in full during winding-up shall be entitled to demand recovery of the debt by collection of the debtor's property that has been illegally obtained by third persons, in the amount of the claims that remained outstanding in the bankruptcy case. If there is no such property or if at the application of the third person the court is entitled to meet the claims of these creditors by means of collecting the amount without a need for collecting the debtor's property. The said claim may be presented within the term set by a federal law.

Article 143. Monitoring the Activity of an Administrator

1. The administrator shall present a report to a creditors' meeting (creditors' committee) on his/her activity, information on the debtor's financial state and on the debtor's property as of the time of commencement of the winding-up proceedings and during the winding-up period, and also other information at least once a month, unless a longer term or other dates are set for the presentation of such a report by a creditors' meeting.

2. The administrator's report shall contain information on:

the debtor's estate that has been formed, in particular, on the progress and results of stock-taking of the debtor's property, on the progress and results of appraisal of the debtor's property;

the amounts of money received in the debtor's principal account, and on the sources of these receipts;

the progress of sale of the debtor's property, complete with an indication of receipts from the sale of property;

the quantity and the sum total of claims for debt collection presented by the administrator to third persons;

the measures taken for preserving the debtor's property and for revealing and demanding the debtor's property from third persons' possession;

the measures taken for declaring the debtor's transactions as invalid and also for declaring a refusal to perform the debtor's contracts;

keeping the register of creditors' claims complete, with an indication of the sum total of the creditors' claims included in the register, with such data for each priority ranking category being indicated separately;
the number of the debtor's employees who continue their work during the winding-up period, and also on the
number of the debtor's employees dismissed (laid off) during the winding-up period;

the work performed by the administrator in terms of closing down the debtor's accounts and on the results of such
work;

the sum of expenses incurred to perform the winding-up including an indication of the purpose thereof;

holding as subsidiarily liable the third persons which are subsidiarily liable under Russian law for the debtor's
obligations in connection with the debtor's being made bankrupt;

other information in the course of winding-up proceedings of which the nature shall be determined by the
administrator and also by the demands of a creditors' meeting (the creditors' committee) or the court of arbitration.

3. If the court of arbitration so demands, the administrator shall provide it with all the information concerning the
winding-up procedure, in particular, a report on his/her activity.

Article 144. Releasing an Administrator

1. When the administrator files an application for being released from his/her duties as an administrator and in
other cases specified by federal law, he/she may be released by the court of arbitration from his/her duties.

2. When the administrator is released from his/her duties, the court of arbitration shall approve a new administrator
in the manner established by Item 1 of Article 127 of the present Federal Law.

3. The ruling of a court of arbitration on releasing an administrator from his/her duties as an administrator shall
take effect immediately and it shall be subject to appeal.

Article 145. Removing an Administrator

1. The administrator may be removed by the court of arbitration:

at the petition of a creditors' meeting (creditors' committee) in the event of his/her defaulting on or improperly
performing the duties vested therein;

in connection with satisfaction by the court of arbitration of a complaint of a person deemed a party to the
bankruptcy case against the administrator's default on or improper performance of the duties vested therein, if such a
default on or improper performance has violated the rights or legal interests of the person which filed the complaint and
has also caused or could cause losses to the debtor or the debtor's creditors;

if circumstances have been discovered which prevented the approval of the person as administrator and also in case
when such circumstances have occurred after the person was approved as administrator.

Simultaneously with the removal of the administrator the court of arbitration shall approve a new administrator in
the manner established by Item 1 of Article 127 of the present Federal Law.

2. The ruling of a court of arbitration on the removal of an administrator shall take effect immediately.

3. The ruling of a court of arbitration on the removal of an administrator shall be subject to appeal.

Article 146. Possibility of Transition to External Administration

1. If financial rehabilitation and/or external administration proceedings have not been instituted in respect of the
debtor and if during the winding-up period the administrator began to have sufficient grounds, in particular grounds
backed up by financial analysis data, to believe that the debtor's solvency can be restored, the administrator shall
convene a creditors' meeting within one month after the discovery of these circumstances to examine the issue of filing
a petition with the court of arbitration for terminating the winding-up procedure and switching to external
administration proceedings.

2. The decision of a creditors' committee to file a petition with the court of arbitration for terminating winding-up
procedure and switching to external administration shall be adopted by a majority vote of the total number of the
creditors whose claims are included in the register of creditors' claims and have not been repaid as of the date of the
creditors' meeting which is considering the issue of making such a decision.

The decision of a creditors' meeting to file a petition with the court of arbitration for terminating winding-up
procedure and switching to external administration shall contain a proposed external administration term and the
desirable qualifications of the receiver.

On the petition of the creditors' meeting for terminating winding-up procedure and switching to external
administration, the court of arbitration may issue a ruling on terminating the winding-up procedure and switching to
external administration.

The said ruling may only be issued if the debtor has the property required to pursue economic activity on its own.

3. If the court of arbitration issues a ruling on terminating winding-up procedure and switching to external
administration:

the limitations imposed on the debtor's managerial bodies in compliance with the present chapter shall be
terminated;

a register of creditors' claims shall be opened;

the creditors' claims relating to monetary obligations and mandatory payments that have emerged during the
winding-up period shall be deemed current from the date of the ruling on switching to external administration;

the creditors' claims relating to the obligations which under the terms of the obligation were not due as of the time
of winding-up commencement shall also be deemed current from the date of the ruling on switching to external
administration;

the claims met during the winding-up period shall be deemed settled and shall not be restorable.

Interest shall be accrued at the rate and in the manner established by Item 2 of Article 95 of the present Federal Law
on the claims of creditors, authorised bodies relating to the debtor's monetary obligations and mandatory payments that
occurred prior to the decision whereby the debtor was declared bankrupt and winding-up procedure was commenced.

4. If, as of the date of issuance by the court of arbitration of a ruling on a switch to external administration less than
three months have passed since the date of the winding-up proceedings commencement, the passage of the term
established by Item 1 of Article 102 of the present Federal Law shall be suspended until the time when the receiver is
approved.

Article 147. The Administrator's Report on the Results of Winding-Up

1. Upon the completion of settlements with creditors and also in the event of termination of proceedings in the
bankruptcy case in the instances envisaged by Article 57 of the present Federal Law the administrator shall lodge a
report with the court of arbitration on the results of the winding-up procedure.

2. The following shall be attached to the administrator's report:
documents confirming the sale of the debtor's property;

the register of creditors' claims complete with an indication of the amount of settled creditors' claims;

documents confirming the fact that creditors' claims have been settled.

Article 148. The Debtor's Property Remaining after the Completion of Settlements with Creditors

1. When creditors refuse to accept in the settlement of their claims property that was put up for sale but has not been sold during the winding-up period, and if there are no applications filed by the owner of property of the debtor being a unitary enterprise, the debtor's promoters (stakeholders) concerning rights to the said property, the administrator shall in form about the said property the local government bodies at the location of the debtor's property.

2. Within thirty days after the receipt of a relevant notice the local government bodies shall accept the property specified in Item 1 of the present article for being recorded in their balance sheets and they shall bear all expenses towards the maintenance thereof.

3. If a local government body refuses or declines to accept the property specified in Item 1 of the present article the administrator shall file an application with the court of arbitration responsible for implementing proceedings in the bankruptcy case for enforcing acceptance of the said property by the local government body.

4. If disagreements exist between an administrator and a local government body in connection with the transfer of the property specified in Item 1 of the present article the local government body shall forward a protocol of disagreements to the administrator within 14 days after the receipt of a notice from the administrator.

If the protocol is dismissed the administrator shall file an application with the court of arbitration responsible for implementing proceedings in the bankruptcy case for considering the disagreements that occurred.

5. While considering the application specified in Item 4 of the present article the court of arbitration shall determine the property transfer terms which were the subject matter of the disagreements for the local government body.

6. According to the results of consideration of the applications specified in Items 3 and 4 of the present article the court of arbitration shall issue a ruling.

From the date of issuance of the arbitration court's ruling on the results of consideration of the said applications filed by the administrator expenses towards the maintenance of the said property shall be effected at the expense of the relevant budgets.

7. The ruling of a court of arbitration issued according to the results of consideration of applications filed by an administrator shall take effect immediately.

The local government bodies' default on or late performance of the said ruling of the court of arbitration shall not be deemed a ground for the arbitration court's refusal to issue a ruling on terminating the winding-up procedure.

8. The ruling of a court of arbitration issued on the results of consideration of applications filed by an administrator shall be subject to appeal.

Article 149. Terminating a Winding-Up Procedure

1. After the court of arbitration has considered the report of an administrator on the results of winding-up procedure the court of arbitration shall issue a ruling on completing the winding-up procedure, and in the case of settlement of creditors' claims in compliance with
Article 125 of the present Federal Law, a ruling on terminating proceedings in the bankruptcy case.

The ruling on completing a winding-up procedure shall take effect immediately.

The ruling on terminating proceedings in a bankruptcy case shall take effect immediately.

If the event of issuance of a ruling on terminating proceedings in a bankruptcy case the arbitration court's decision to declare the debtor bankrupt and commence winding-up procedure shall not be subject to further performance.

2. Within five days after the receipt of an arbitration court's ruling on completing a winding-up procedure the administrator shall present this ruling to the body in charge of the state registration of legal persons.

3. The ruling of a court of arbitration on completing a winding-up procedure shall be deemed a ground for making an entry on liquidation of the debtor in the comprehensive state register of legal persons.

A relevant entry shall be made in this register within five days after the filing of the said arbitration court's ruling with the body in charge of state registration of legal persons.

The ruling of a court of arbitration on completing winding-up procedure may be appealed before the date when an entry on liquidation of the debtor is made in the state register of legal persons.

4. As of the date when the entry of liquidation of the debtor is made in the comprehensive state register of legal persons, the winding-up procedure 85181.20015

Chapter VIII. The Voluntary Arrangement

Article 150. General Provisions Concerning the Conclusion of a Voluntary Arrangement

1. At any stage of consideration of a bankruptcy case by a court of arbitration, the debtor, the debtor's bankruptcy creditors and bodies 85181.2010 shall be entitled to conclude a voluntary arrangement.

2. The decision to conclude a voluntary arrangement on the part of bankruptcy creditors and authorised bodies shall be adopted by a creditors' meeting. The decision of the creditors' meeting to conclude a voluntary arrangement shall be made by a majority vote of the total number of votes of the bankruptcy creditors and authorised bodies in compliance with the register of creditors' claims and it shall be deemed passed if voted for by all the creditors relating to the obligations secured by a pledge/mortgage of the debtor's property.

The powers of a representative of a bankruptcy creditor and a representative of an authorised body for voting on the issue of conclusion of a voluntary arrangement shall be expressly stated in his/her power of attorney.

The decision to conclude a voluntary arrangement on the part of the debtor shall be adopted by the debtor being a citizen or by the head of the debtor being a legal person, the acting head of the debtor, the receiver or administrator.

3. The following third persons may take part in a voluntary arrangement:

those assuming the rights and duties envisaged by the voluntary arrangement.

4. The voluntary arrangement shall be approved by a court of arbitration.

While approving a voluntary arrangement the court of arbitration shall issue a ruling on approval of the voluntary arrangement which comprises an indication of termination of proceedings in the bankruptcy case. If the voluntary arrangement is concluded during the winding-up period the ruling on approval of the voluntary arrangement shall comprise an indication that the decision whereby the debtor has been declared bankrupt and winding-up was
commenced shall not be performed.

5. For the debtor, bankruptcy creditors and authorised bodies, as well as third persons deemed party to the voluntary arrangement, the voluntary arrangement shall enter into force as of the date when it is approved by the court of arbitration, and it shall be binding on the debtor, bankruptcy creditors, authorised bodies and third persons deemed party to the voluntary arrangement.

6. A unilateral refusal to perform a voluntary arrangement that has become final is prohibited.

Article 151. The Features of Conclusion of a Voluntary Arrangement During Receivership

1. The decision to conclude a voluntary arrangement on the part of the debtor shall be adopted by the debtor being a citizen, by the head of the debtor being a legal person or by the acting head thereof.

2. If for the debtor a voluntary arrangement is a transaction which under federal laws and/or the debtor's constitutive documents is concluded under a decision of the debtor's managerial bodies or is subject to agreement upon (approval) with/by the debtor's managerial bodies the decision to conclude the voluntary arrangement may be adopted after the adoption of a relevant decision by the debtor's managerial bodies or after a relevant agreement (approval) has been secured.

3. The voluntary arrangement shall not be subject to approval by the interim receiver.

4. When a voluntary arrangement is concluded with the participation of third persons that are interested persons in relation to the debtor, interim receiver or bankruptcy creditor, the creditors' meeting shall be informed on the presence and the nature of the interest in conclusion of the transaction, and the voluntary arrangement shall contain information to the effect that the voluntary arrangement is a transaction in the completion whereof there is an interest, and it shall expressly state the nature of the interest.

5. The provisions of Item 2 of the present article shall not prevent the creditors' meeting from adopting in the name of bankruptcy creditors and authorised bodies a decision to conclude a voluntary arrangement.

6. Where a voluntary arrangement is concluded during receivership it shall extend to the claims of bankruptcy creditors' authorised bodies included in the register of creditors' claims as of the date when the creditors' meeting was held that adopted the decision to conclude the voluntary arrangement.

Article 152. The Features of Conclusion of a Voluntary Arrangement during Financial Rehabilitation

1. The decision to conclude a voluntary arrangement on the part of the debtor shall be adopted by the head of the debtor being a legal person or by the acting head thereof.

2. If, for the debtor, the voluntary arrangement is a transaction which, under federal laws and/or the debtor's constitutive documents, is concluded under a decision of the debtor's managerial bodies, or is subject to agreement upon with the managerial bodies of the debtor, the decision to conclude the voluntary arrangement in the name of the debtor may be adopted after the adoption of a relevant decision by the debtor's managerial bodies or after a relevant agreement is secured.

3. The voluntary arrangement shall not be subject to the approval of the administrative receiver.

4. When a voluntary arrangement is concluded with the participation of third persons which are interested persons in relation to the debtor, administrative receiver or bankruptcy creditor the creditors' meeting shall be informed of the availability and the nature of the interest in conclusion of the transaction and the voluntary arrangement shall comprise information to the effect that the voluntary arrangement is a transaction in the conclusion whereof there is an interest and it shall expressly state the nature of the interest.
5. The provisions of Item 2 of the present article shall not prevent the creditors' meeting from adopting a decision to conclude a voluntary arrangement in the name of the bankruptcy creditors and authorised bodies.

6. Where a voluntary arrangement is concluded during financial rehabilitation the voluntary arrangement shall extend to the claims of bankruptcy creditors and authorised bodies included in the register of creditors' claims as of the date of the creditors' meeting that adopted the decision to conclude the voluntary arrangement.

Article 153. The Features of Conclusion of a Voluntary Arrangement during External Administration

1. The decision to conclude a voluntary arrangement on the part of the debtor shall be adopted by the receiver.

2. If, for the debtor, a voluntary arrangement is a transaction which under federal laws and/or the debtor's constitutive documents is concluded under a decision of the debtor's managerial bodies or is subject to agreement upon (approval) with/by the debtor's managerial bodies, the decision to conclude the voluntary arrangement in the name of the debtor may be adopted after the adoption of a relevant decision by the debtor's managerial bodies or after a relevant agreement (approval) has been secured.

3. When a voluntary arrangement is concluded with the participation of third persons that are interested persons in relation to the debtor, receiver or bankruptcy creditor, the creditors' meeting shall be informed of the presence and the nature of the interest in conclusion of the transaction and the voluntary arrangement shall comprise information to the effect that the voluntary arrangement is a transaction in the conclusion whereof there is an interest, and it shall expressly state the nature of the interest.

4. Where a voluntary arrangement is concluded during external administration, the voluntary arrangement shall extend to the claims of bankruptcy creditors and authorised bodies included in the register of creditors' claims as of the date when the creditors' meeting was held that adopted the decision to conclude the voluntary arrangement.

5. The provisions of Item 2 of the present article shall not prevent the creditors' meeting adopting, in the name of the bankruptcy creditors and authorised bodies, a decision to conclude a voluntary arrangement.

Article 154. The Features of Conclusion of a Voluntary Arrangement during Winding-Up Proceedings

1. The decision to conclude a voluntary arrangement on the part of the debtor shall be adopted by the administrator.

2. If for the debtor a voluntary arrangement is a transaction which under federal laws and/or the debtor's constitutive documents is concluded under a decision of the debtor's managerial bodies or is subject to agreement upon (approval) with/by the debtor's managerial bodies the decision to conclude the voluntary arrangement in the name of the debtor may be adopted after the adoption of a relevant decision by the debtor's managerial bodies or after a relevant agreement (approval) has been secured.

3. When a voluntary arrangement is concluded with the participation of third persons which are interested persons in relation to the debtor, administrator or bankruptcy creditor, the voluntary arrangement shall comprise information to the effect that the voluntary arrangement is a transaction in the conclusion whereof there is an interest and it shall expressly state the nature of the interest.

4. Where a voluntary arrangement is concluded during winding-up proceedings, the voluntary arrangement shall extend to all the claims of bankruptcy creditors and authorised bodies included in the register of creditors' claims as of the date when the creditors' meeting was held that adopted the decision to conclude the voluntary arrangement.

Article 155. The Form of a Voluntary Arrangement

1. The voluntary arrangement shall be concluded in writing.
2. For the debtor, the voluntary arrangement shall be signed by the person which under the present Federal Law adopted the decision to conclude it. In the name of the bankruptcy creditors and authorised bodies the voluntary arrangement shall be signed by a representative of a creditors’ meeting or by a person authorised to do so by a creditors’ meeting.

3. If third persons are party to the voluntary arrangement it shall be signed for their part by themselves or by their authorised representatives.

Article 156. The Content of a Voluntary Arrangement

1. Voluntary arrangement shall contain information on the procedure and term for discharging the debtor’s obligations in monetary form.

On the consent of a specific bankruptcy creditor and/or authorised body the voluntary arrangement may contain provisions for terminating the debtor's obligations by means of release-money, exchange of claims for participatory shares in the debtor's authorised capital, shares, bonds convertible into shares or other securities, obligation novation, forgiveness of debt or by other means envisaged by a federal law, unless such means of terminating obligations violates the rights of the other creditors whose claims are included in the register of creditors' claims.

The voluntary arrangement may contain provisions concerning changes in the due dates of and procedure for making the mandatory payments included in the register of creditors' claims.

The terms of voluntary arrangement concerning the repayment of a debt owing as a mandatory payment levied under the legislation on taxes and fees shall not be inconsistent with the provisions of the legislation on taxes and fees.

Meeting bankruptcy creditors' claims in non-monetary form shall not create an advantage for such creditors over the creditors whose claims are satisfied in monetary form.

2. Interest shall accrue on the outstanding portion of the creditors' claims subject to repayment under the voluntary arrangement in monetary form from the date of approval of the voluntary arrangement by the court of arbitration to the date of repayment of a relevant portion of the creditors' claims in the amount set by Item 2 of Article 95 of the present Federal Law.

On the creditors' consent the voluntary arrangement may establish a lower interest rate, a shorter interest accrual term or relief from the duty to pay interest.

3. The terms of a voluntary arrangement for the bankruptcy creditors and authorised bodies which have voted against the conclusion of the voluntary arrangement or which have not taken part in the voting shall not be worse than those for the bankruptcy creditors and authorised bodies which have voted for it.

Except as otherwise envisaged by the voluntary arrangement, the pledge/mortgage on the debtor's property securing the debtor's performance of the debtor's obligations shall remain effective.

4. A bankruptcy creditor and/or authorised body which has voted for the conclusion of a voluntary arrangement, the debtor's promoters (stakeholders), or the owner of property of the debtor being a unitary enterprise, shall be entitled to perform in full and in monetary form the debtor's obligations to the bankruptcy creditors or to provide funds to the debtor that are required for meeting the claims of the authorised bodies that have voted against the conclusion of the voluntary arrangement or which have not participated in the voting, in particular, for the purpose of paying the interest accrued under the present Federal Law as well as the amounts of forfeit money (fines, penalties). In this case the bankruptcy creditor shall accept the performance offered in lieu of the debtor, the debtor shall repay the claims of authorised bodies at the expense of the funds provided thereto, and the rights of the bankruptcy creditor shall be transferred to the person which has discharged the debtor's obligations. The funds provided to the debtor for the purpose
of meeting the claims of authorised bodies shall be deemed granted on interest-free loan contract terms with its due date
deemed the date of calling.

Article 157. Third Persons' Participation in a Voluntary Arrangement

1. Third persons may take part in a voluntary arrangement if their participation does not infringe on the rights and
legal interests of the creditors whose claims are included in the register of creditors' claims and also of the creditors
whose claims have emerged after the date of acceptance of the application for declaring the debtor bankrupt and whose
claims' due date preceded the date of conclusion of the voluntary arrangement.

2. Third persons taking part in a voluntary arrangement shall be entitled to provide a suretyship or a guarantee for
the debtor's performing obligations under the voluntary arrangement or otherwise secure the appropriate performance
thereof.

Article 158. Conditions for the Court of Arbitration to Approve a Voluntary Arrangement

1. The court of arbitration may approve a voluntary arrangement only after repayment of the indebtedness relating
to the claims of first and second priority ranking creditors has been completed.

2. The debtor, receiver or administrator shall file an application for approval of the voluntary arrangement at least
five days after and within ten days after the date of conclusion of the voluntary arrangement.

3. The following shall be attached to the application for approval of a voluntary arrangement:

   the text of the voluntary arrangement;

   the minutes of the creditors' meeting which has adopted the decision to conclude the voluntary arrangement;

   a list of all known bankruptcy creditors and authorised bodies which have not declared their claims to the debtor,
   complete with an indication of their addresses and the amounts owing them;

   the register of creditors' claims;

   documents confirming the fact that the repayment of the indebtedness relating to the claims of first and second
   priority ranking creditors has been completed;

   the decision of the debtor's managerial bodies, if the debtor is a legal person, when such a decision is required
   under the present Federal Law;

   the objections in writing off the bankruptcy creditors and authorised bodies which have voted against the
   conclusion of the voluntary arrangement or which have not taken part in the voting on conclusion of the voluntary
   arrangement (if any);

   other documents which must filed under the present Federal Law.

4. The court of arbitration shall notify the persons deemed party to the bankruptcy case of the date of the hearing of
the application for approval of a voluntary arrangement. Non-attendance by persons appropriately notified shall not
prevent the hearing of the application for approval of the voluntary arrangement.

5. The approval of a voluntary arrangement may be refused due to the fact that the representative of the creditor
abused his/her powers granted thereto by the present Federal Law, powers of attorney or the creditor's constitutive
documents for voting for the conclusion of the voluntary arrangement if it is proven that the person acting for the debtor
knew or should have known about such limitations.
The court of arbitration shall be entitled to approve a voluntary arrangement even if the person acting for the debtor knew or should have known of the limitations on the powers of the representative of the creditor, but with the voting of such a representative not affecting the decision-making concerning the conclusion of the voluntary arrangement.

Article 159. The Consequences of Approval of a Voluntary Arrangement by a Court of Arbitration

1. The approval of a voluntary arrangement by a court of arbitration during bankruptcy proceedings shall be deemed a ground for terminating proceedings in the bankruptcy case.

2. If a voluntary arrangement is approved by a court of arbitration during financial rehabilitation the performance of the debt repayment schedule shall be terminated.

   If a voluntary arrangement is approved during external administration the moratorium on meeting creditors' claims shall be terminated.

3. If a voluntary arrangement is approved by a court of arbitration during winding-up procedure the arbitration court's decision whereby the debtor is declared bankrupt and winding-up proceedings are commenced shall no longer be subject to performance from the date of approval of the voluntary arrangement.

4. From the date of approval of a voluntary arrangement by a court of arbitration the powers of the following persons shall be terminated: interim receiver, administrative receiver, receiver and administrator.

   The person who has been acting as the receiver or administrator of a debtor being a legal person shall exercise the duties of head of the debtor until the date when the head of the debtor is appointed (elected).

   From the date of appointment (election) of the head of the debtor the debtor shall be deemed the procedural successor in respect of actions brought earlier by the arbitration insolvency practitioner.

5. From the date of approval of a voluntary arrangement the debtor or third person shall commence to repay the debts owing the creditors.

Article 160. Refusal by the Court of Arbitration to Approve a Voluntary Arrangement

1. The court of arbitration shall refuse to approve a voluntary arrangement in the event of a default on repayment of indebtedness relating to first and second priority ranking creditors' claims.

2. Below are the grounds for the court of arbitration to refuse approving a voluntary arrangement:

   a breach of the procedure for conclusion of a voluntary arrangement established by the present Federal Law;
   the non-observance of the form of a voluntary arrangement;
   a violation of third persons' rights;
   a conflict between the terms of the voluntary arrangement and the present Federal Law, other federal laws and other regulatory legal acts;
   the availability of other grounds for deeming transactions null and void according to the civil legislation.

3. A ruling shall be issued by the court of arbitration on the refusal to approve a voluntary arrangement, such a ruling being subject to appeal.

Article 161. The Consequences of Refusal to Approve a Voluntary Arrangement
1. If a court of arbitration has issued a ruling on refusal to approve a voluntary arrangement the voluntary arrangement shall be deemed unconcluded.

2. The issuance of a ruling by a court of arbitration on refusal to approve a voluntary arrangement shall not prevent the conclusion of a new voluntary arrangement.

Article 162. Appeal and Review of the Ruling on Approval of a Voluntary Arrangement

1. Upon a complaint of persons deemed party to a bankruptcy case, third persons deemed party to a voluntary arrangement as well as the other persons whose rights and legal interests have been violated or can be violated by a voluntary arrangement, the ruling on approval of the voluntary arrangement may be appealed in accordance with the procedure established by the Arbitration Procedural Code (Garant 12027526) of the Russian Federation.

2. The ruling on approval of a voluntary arrangement may be reviewed if new circumstances have been discovered if:

   the circumstances preventing the conclusion of the voluntary arrangement were not and could not be known to the applicant at the time when the voluntary arrangement was approved;

   the applicant did not take part in the conclusion of the voluntary arrangement, and however, his/her/its rights and legal interests have been violated by the voluntary arrangement.

The applicant shall be entitled to file an application for reviewing the ruling on approval of the voluntary arrangement on the grounds established by the present article within one month after the discovery of the circumstances deemed a ground for reviewing this ruling.

Article 163. The Consequences of Revocation of a Ruling on Approval of a Voluntary Arrangement

1. The revocation of a ruling on approval of a voluntary arrangement shall be deemed a ground for resuming proceedings in the bankruptcy case. The court of arbitration shall issue a ruling on resumption of proceedings in the bankruptcy case, which shall take immediate effect and shall be subject to appeal.

   In the event of resumption of proceedings in a bankruptcy case, the proceeding in which the voluntary arrangement was concluded shall be instituted in respect of the debtor. Arbitration insolvency practitioner nominees shall be presented to the court of arbitration in the manner envisaged by Article 45 of the present Federal Law by the self-regulating organisation which presented such a nominee during the said bankruptcy proceeding.

   Within one month after the approval of the arbitration insolvency practitioner he/she shall hold a creditors’ meeting, which is empowered to adopt the decisions specified in Item 1 of Article 73 of the present Federal Law.

   If the ruling whereby a voluntary arrangement was approved is revoked, and bankruptcy proceedings were instituted in respect of the debtor in a new bankruptcy case, the bankruptcy creditors and bodies 85181.2010 shall be entitled to declare their claims to the debtor in the new bankruptcy case in the composition and amount envisaged by the present article.

2. In the event of revocation of the ruling on approval of a voluntary arrangement the creditors’ claims in respect of which a grace period and/or an installment repayment schedule or a debt rebate has been implemented shall be restored in as much as their outstanding portion is concerned.

3. The revocation of the ruling on approval of a voluntary arrangement shall not entail an obligation on part of first and second priority ranking creditors to refund to the debtor whatever has been received by them as debt repayment.
4. In the event of revocation of the ruling on approval of a voluntary arrangement the court of arbitration that has decided to resume the proceedings' shall be responsible for publishing an announcement of resumption of proceedings in the debtor's bankruptcy case in the manner established by Article 28 of the present Federal Law.

5. The claims of the creditors with which settlements have been effected on voluntary arrangement terms which are consistent with the present Federal Law shall be deemed settled. The creditors whose claims have been met in compliance with voluntary arrangement terms, whereby the said creditors were entitled to an advantage or whereby the rights and legal interests of other creditors were infringed upon, shall refund whatever they received as performance under the voluntary arrangement, with the claims of the said creditors being restored in the register of creditors' claims.

The compositions and amounts of creditors' claims and authorised bodies shall be assessed as of the date of resumption of proceedings in the bankruptcy case.

6. In as much as it concerns matters not regulated by the present article, the consequences of invalidity of transactions envisaged by the civil legislation shall apply.

Article 164. Rescission of a Voluntary Arrangement

1. Rescission of a voluntary arrangement approved by a court of arbitration by agreement between separate creditors and the debtor is prohibited.

2. A voluntary arrangement may be rescinded by a court of arbitration in respect of all the bankruptcy creditors and authorised bodies on an application of the bankruptcy creditor or bankruptcy creditors and/or authorised bodies which had as of the time of approval of the voluntary arrangement at least one quarter of the claims of bankruptcy creditors and authorised bodies to the debtor.

Bankruptcy creditors or authorised bodies shall be entitled to file an application for rescission of a voluntary arrangement in respect of all the bankruptcy creditors and authorised bodies in the event of the debtor's defaulting on or significantly violating the terms of the voluntary arrangement as it concerns the claims of such bankruptcy creditors and authorised bodies having in their entirety at least one quarter of the claims of bankruptcy creditors and authorised bodies to the debtor as of the date of approval of the voluntary arrangement.

Article 165. Procedure for Considering an Application for Rescission of a Voluntary Arrangement

1. Disputes concerning rescission of a voluntary arrangement shall be considered by the court of arbitration that heard the bankruptcy case.

2. An application for rescission of a voluntary arrangement shall be signed by the bankruptcy creditor or the bankruptcy creditors or authorised bodies whose claims have not been settled by the debtor on the terms of the voluntary arrangement and/or in respect of whose claims the debtor has significantly violated the terms of the voluntary arrangement.

3. If the court of arbitration receives an application for rescission of a voluntary arrangement, the court of arbitration shall issue a ruling on arranging a hearing for the purpose of considering the application for rescission of the voluntary arrangement.

The following shall be notified of the date and time of the court hearing for the purpose of considering the application for rescission of the voluntary arrangement in respect of a specific creditor: the debtor, the bankruptcy creditor or bankruptcy creditors or the authorised bodies that filed the application for rescission of the voluntary arrangement, and also the third persons deemed party to the voluntary arrangement.

A notice of the date and time of the court hearing for the purpose of considering the application for rescission of the
voluntary arrangement in respect of all bankruptcy creditors and authorised bodies shall be served to the persons
deemed party to the bankruptcy case as of the date of approval of the voluntary arrangement and also third persons
which participated in the voluntary arrangement.

4. According to the results of consideration of an application for rescission of a voluntary arrangement approved
by a court of arbitration the court shall issue a ruling which shall take effect immediately and shall be subject to appeal
in the manner envisaged by the Arbitration Procedural Code 12027526

5. In the event of refusal to satisfy an application for rescission of a voluntary arrangement, the court of arbitration
shall issue a ruling on refusing to rescind the voluntary arrangement.

Article 166. The Consequences of Rescission of a Voluntary Arrangement in Respect of All Bankruptcy Creditors
and Authorised Bodies

1. The rescission of a voluntary arrangement in respect of all bankruptcy creditors and authorised bodies shall be
deemed a ground for resuming bankruptcy proceedings, except for cases when bankruptcy proceedings are instituted in
respect of the debtor in a new bankruptcy case.

In the event of resumption of proceedings in a bankruptcy case the proceedings shall be instituted in respect of the
debtor during which the voluntary arrangement was concluded. Arbitration insolvency practitioner nominees shall be
presented to the court of arbitration in the manner specified in Article 45 of the present Federal Law by the
self-regulating organisation that presented such a nominee during the said bankruptcy proceeding.

If a voluntary arrangement is rescinded when bankruptcy proceedings are instituted in respect of the debtor in a
new bankruptcy case the bankruptcy creditors and authorised bodies whose claims have been settled by the voluntary
arrangement shall be entitled to declare their claims to the debtor in the new bankruptcy case in the composition and
amount which are envisaged by the present article.

2. In the event of resumption of a bankruptcy case the amount of such creditors' claims shall be determined on the
basis of the register of creditors' claims as of the date of approval of the voluntary arrangement. In this case the claims
of bankruptcy creditors and authorised bodies settled during the performance of the voluntary arrangement in keeping
with the present Federal Law shall not be taken into account in the register of creditors' claims, except for the cases
specified by the present article.

3. The rescission of a voluntary arrangement in respect of all bankruptcy creditors and authorised bodies shall not
entail the duty of the bankruptcy creditors and authorised bodies whose claims have been settled during the performance
of the voluntary arrangement to refund to the debtor everything they received during the performance of the voluntary
arrangement.

The bankruptcy creditors and authorised bodies shall refund everything they received during the performance of the voluntary arrangement if they knew or should have known that their claims were met in breach of the rights and legal
interests of the other bankruptcy creditors and authorised bodies, with the said claims being restored to the register of creditors' claims.

4. In the event of rescission of a voluntary arrangement the terms thereof that envisage an instalment repayment
schedule, a grace period on the settlement of bankruptcy creditors' and authorised bodies' claims, and also a debt rebate
shall be terminated in respect of the portion of creditors' claims that was outstanding as of the date of rescission of the
voluntary arrangement.

5. The rescission of a voluntary arrangement shall not entail the duty of first and second priority ranking creditors
to refund to the debtor whatever they received as offsetting the debt owing them.
6. The composition and amount of the claims of creditors and authorised bodies shall be determined as of the date of resumption of bankruptcy case proceedings.

Article 167. The Consequences of Default on the Performance of a Voluntary Arrangement

1. If a debtor defaults on performing under a voluntary arrangement the creditors shall be entitled to present their claims, without rescinding the voluntary arrangement, in the amount envisaged by the voluntary arrangement in accordance with the general procedure established by the procedural legislation.

2. If a new bankruptcy case is opened in respect of a debtor the amount of the creditors' claims covered by the voluntary arrangement shall be determined by the terms contained in the voluntary arrangement.

Chapter IX. The Features of Bankruptcy of Specific Categories of Debtors Being Legal Entities


Article 168. General Provisions on the Bankruptcy of Specific Categories of Debtors Being Legal Persons

Relations concerning the bankruptcy of city-forming organisations, agricultural and financial organisations, strategic enterprises and organisations and also natural monopoly entities shall be subject to the provisions of the present Federal Law governing the bankruptcy of debtors being legal persons, except as otherwise established by the present chapter.

2. The Bankruptcy of City-Forming Organisations

Article 169. The Status of a City-Forming Organisation

1. For the purposes of the present Federal Law "city-forming organisations" are legal persons whose employees make up at least 25 per cent of the number of the employed population of the relevant inhabited locality.

2. The provisions of the present paragraph shall also be applicable to other organisations having more than 5,000 employees persons.

Article 170. Considering the Case of Bankruptcy of a City-Forming Organisation

1. When a case of the bankruptcy of a city-forming organisation is being considered, the relevant local government body shall be deemed party to the bankruptcy case.

2. Also, the following may be deemed party to the bankruptcy case and involved in the case: federal executive governmental bodies and the executive governmental bodies of a relevant Russian region.

3. When grounds for creditors' claims are being examined evidence shall be provided to the court of arbitration of the fact that the city-forming organisation complies with the provisions of Article 169 of the present Federal Law.

Article 171. Instituting External Administration for a City-Forming Organisation under Suretyship

1. If a creditors' meeting has not decided to institute external administration for a city-forming organisation, the court of arbitration shall institute external administration on the grounds specified in the present Federal Law and also at the petition of the local government body or the relevant federal executive governmental body involved in the bankruptcy case or the executive governmental body of the Russian region on the condition that a suretyship is provided for the debtor's obligations.

Suretyship for the debtor's obligations may be provided by the Russian Federation, a Russian region or a municipal
entity as represented by their authorised bodies.

2. The local government body or the relevant federal executive governmental body involved in the case of bankruptcy of a city-forming organisation or the executive governmental body of a Russian region that has provided a suretyship for obligations of a debtor shall determine the qualifications to be complied with by the receiver nominee and forward them to self-regulated organisations of arbitration insolvency practitioners.

3. In cases when external administration of a city-forming organisation has been instituted in the manner envisaged by the present article, the surety shall be subsidiarily liable for the debtor's obligations to the debtor's creditors.

Article 172. Prolongation of Financial Rehabilitation or External Administration in Respect of a City-Forming Organisation at the Petition of a Local Government Body

Financial rehabilitation or external administration in respect of a city-forming organisation may be prolonged by a court of arbitration by up to one year if there is a petition filed by a local government body or a relevant federal executive governmental body involved in the bankruptcy case or the executive governmental body of a Russian region on the condition that a suretyship is provided for the debtor's obligations.

Article 173. Suretyship

1. For the purposes of the present Federal Law "suretyship" is a unilateral duty of a person that has provided a suretyship for a debtor to be liable for the debtor's performing all its monetary obligations to creditors and also the duty to make mandatory payments to the budgets and non-budget funds.

A suretyship for obligations of a debtor may be provided by the Russian Federation, a Russian region or a municipal entity as represented by their authorised bodies in the manner and on the terms envisaged by a federal law.

2. A surety for obligations of a debtor shall be presented to the court of arbitration in writing. The following shall be indicated in the suretyship:

   the sum of the debtor's obligations owing the creditors and of the duty to make mandatory payments;

   a debt repayment schedule.

   Attached to the suretyship shall be documents to confirm that the obligations relating to the suretyship have been included in the relevant budget as of the date when the suretyship is granted.

3. The debtor and its surety shall commence settlements with the creditors under the debt repayment schedule set out in the suretyship.

4. In the event of a default on settling creditors' and authorised bodies' claims in the manner and within the terms envisaged by the debt repayment schedule, the creditors and authorised bodies shall be entitled to present claims to the debtor for collection of outstanding amounts of money in accordance with the general procedure envisaged by law.

5. The surety's breach of its obligations in respect of the creditors and authorised bodies holding one third of all the claims to the debtor may serve as a ground for terminating financial rehabilitation or external administration before due date, for declaring the debtor bankrupt and commencing winding-up proceedings.

Article 174. Settlement of Creditors' Claims During Financial Rehabilitation or External Administration in Respect of a City-Forming Organisation

1. At any time before the termination of financial rehabilitation of a city-forming organisation or external
administration of a city forming organisation, the Russian Federation, the Russian region or the municipal entity shall be entitled to effect settlement with all the creditors or to repay the creditors' claims relating to monetary obligations and mandatory payments by another method envisaged by the present Federal Law.

2. Settlements with creditors shall be effected according to the priority ranking established by Articles 134-138 of the present Federal Law.

3. If the creditors' claims relating to monetary obligations and mandatory payments are settled in the manner specified in Items 1 and 2 of the present article the bankruptcy case proceeding shall be subject to termination.

Article 175. Sale of an Enterprise of the City-Forming Organisation

1. During the external administration or winding-up period, an enterprise of the city-forming organisation may be sold.

2. If there is a petition filed by the local government body or the federal executive governmental body involved in the bankruptcy case or the executive governmental body of the Russian region, a significant term of the contract of sale/purchase of the enterprise of the city-forming organisation may be preservation of jobs for at least 50 per cent of the employees of such an enterprise as of the date of its sale over a specific term not exceeding three years after the entry of the contract into force.

Other conditions may be established at the proposal of the local government body or the federal executive governmental body involved in the bankruptcy case or the executive governmental body of the Russian region exclusively with the consent of a creditors' meeting in the manner envisaged by Article 15 of the present Federal Law.

3. If the buyer of the enterprise of the city-forming organisation defaults on observing the terms set out in Item 2 of the present article, the contract of sale/purchase shall be subject to rescission by a court of arbitration on the application of the local government body, the federal executive governmental body or the governmental executive body of the Russian region on whose petition the tender was held. In the event of rescission of the contract of sale/purchase, the buyer of the enterprise shall be reimbursed at the expense of a relevant budget for funds spent to buy the enterprise and to make investments during the effective term of the contract, and the enterprise shall be subject to transfer to the municipal entity.

4. If the petition specified in Item 2 of the present article has not been filed or if the enterprise of the city-forming organisation has not been sold on the said terms and conditions the enterprise shall be subject to sale in the manner and on the terms established by Articles 110 85181.110 , 111 and 139 of the present Federal Law.

Article 176. Sale of the Property of a City-Forming Organisation Declared Bankrupt

1. In the event of sale of the property of a city-forming organisation that has been declared bankrupt, the arbitration insolvency practitioner shall put up the debtor's enterprise for sale on the terms set out in Article 175 of the present Federal Law.

2. If the debtor's enterprise has not been sold in the manner specified in Item 1 of the present article the sale of property of the city-forming organisation shall be effected according to the rules established by Article 111 of the present Federal Law.

3. The Bankruptcy of Agricultural Organisations

Article 177. General Provisions on the Bankruptcy of Agricultural Organisations

1. For the purposes of the present Federal Law “agricultural organisations” means legal persons whose basic types of activity are the production or the production and processing of agricultural products, with receipts from the sale of
the products making up at least 50 per cent of the sum total of receipts.

2. The features of bankruptcy of agricultural organisations set out in the present Federal Law shall also be applicable to fishing artels (collective farms) whose receipts from the sale of produced or produced and processed agricultural products and caught (recovered) aquatic biological resources makes up at least 70 per cent of the total sum of receipts.

3. In the event of sale of immovable property used for the purposes of agricultural production and owned by an agricultural organisation that has been declared bankrupt, a priority right to acquire the said facilities, given the equality of other conditions, shall be given to the agricultural organisations and peasant (individual) farms located in this area.

4. If an agricultural organisation has been declared bankrupt land plots may be alienated or transferred to another person, to the Russian Federation, the Russian region or the municipal entity to the extent their alienability is allowed under the land legislation.

Article 178. The Receivership or Financial Rehabilitation of an Agricultural Organisation, and the External Administration of an Agricultural Organisation

1. During receivership, when the financial state of an agricultural organisation is being analysed account shall be taken of the seasonal nature of agricultural production and its dependence on the natural and climatic conditions and also of the possibility of meeting creditors' claims at the expense of incomes that can be received by the agricultural organisation upon the expiry of a specific period of agricultural work.

2. The financial rehabilitation of an agricultural organisation shall be instituted for a term ending at the end of a specific period of agricultural work with due regard to the time required to sell the agricultural products produced or produced and processed.

If during financial rehabilitation the financial state of the agricultural organisation has suffered a recession and deterioration due to a natural disaster, epizootic or other circumstances of an extraordinary nature the term of financial rehabilitation may be extended by one year on the condition that amendments are made to the debt repayment schedule in the manner set out in Article 85 of the present Federal Law.

3. External administration for an agricultural organisation shall be instituted before the end of a relevant agricultural work period with due regard to the time required for selling the agricultural products produced or produced and processed. The effective term of external administration shall not exceed the duration set in Item 2 of Article 92 of the present Federal Law by more than three months.

If during external administration the financial state of the agricultural organisation has suffered a recession and deterioration due to a natural disaster, epizootic or other circumstances of an extraordinary nature, the external administration term may be prolonged by one year.

Article 179. The Features of Sale of Property Rights in Rem of an Agricultural Organisation

1. In the event of sale of the property and rights in rem of a debtor being an agricultural organisation, the arbitration insolvency practitioner shall put up for sale at the first sale an enterprise of the debtor.

2. The priority right to acquire the debtor's property shall belong to the persons pursuing the production or production and processing of agricultural products and owning a land plot adjacent to the debtor's land plot.

3. When the property specified in Item 2 and also rights in rem are being sold, the arbitration insolvency practitioner shall perform an independent appraisal of the property and rights in rem and offer to the persons specified in Item 2 of the present article to acquire the property and rights in rem at their market value.
If within one month the said persons have not declared their will to acquire the property and rights in rem the arbitration insolvency practitioner shall effect realisation of the property and rights in rem in the manner envisaged by the present Federal Law.

4. The Bankruptcy of Financial Organisations

Article 180. Regulating the Bankruptcy of Financial Organisations

The present Federal Law shall be applicable to relations concerning the bankruptcy of financial organisations (credit organisations, insurance organisations, professional participants in the securities market) with due regard to the features established by a federal law on the insolvency (bankruptcy) of financial organisations.

BEGIN COMMENTARY:

On the features of application of the present Law with due regard to credit organizations, see Information Letter (Garant 12032294) of the Presidium of the Higher Arbitration Court of the Russian Federation No. 74 of August 15, 2003

END COMMENTARY

Article 181. Grounds for Declaring a Credit Organisation Bankrupt

1. The grounds for declaring a credit organisation bankrupt shall be set out in a federal law (Garant 480219) on the insolvency (bankruptcy) of credit organisations.

2. (Garant 12032294) An application for declaring a credit organisation bankrupt shall be accepted for consideration by a court of arbitration after the revocation by the Bank of Russia of the credit organisation's banking transactions licence, except as otherwise required by the federal law on insolvency (bankruptcy) of credit organisations.

Article 182. Bankruptcy Proceedings for Credit Organisations

1. According to the results of consideration of an application for declaring a credit organisation bankrupt the court of arbitration may adopt one of the below decisions:

   to declare the credit organisation bankrupt and commence winding-up;

   to refuse to declare the credit organisation bankrupt.

2. If the court of arbitration decides to declare the credit organisation bankrupt winding-up proceedings shall be implemented in the manner established by the present Federal Law with due regard to the features envisaged by the federal law on the insolvency (bankruptcy) of credit organisations.

3. Within ten days after the arbitration court's ruling on completion of winding-up, the administrator shall file the said ruling with the body in charge of state registration of legal persons.

Article 183. Considering a Case of Bankruptcy of an Insurance Organisation

1. When a case of bankruptcy of an insurance organisation is considered, the federal executive governmental body authorised by the Government of the Russian Federation to supervise insurance activity shall be deemed party to the bankruptcy case together with the other persons specified in Article 35 of the present Federal Law.

2. The application for declaring an insurance organisation bankrupt may be filed with a court of arbitration by the debtor, a bankruptcy creditor, an authorised body.
3. If bankruptcy proceedings are instituted in respect of a debtor being an insurance organisation in the manner established by the present Federal Law the debtor or the administrator shall within ten days after the institution of receivership or winding-up procedure notify the federal executive governmental body authorised by the Government of the Russian Federation to supervise insurance activity of the fact that the respective bankruptcy proceeding has been instituted in respect of the debtor.

BEGIN COMMENTARY:

According to Decision (Garant 12036021) of the Government of the Russian Federation No. 330 of June 30, 2004, the Federal Service of Insurance Supervision, which is under jurisdiction of the Ministry of Finance of the Russian Federation (Garant 12036348) , is the federal executive power body fulfilling the functions aimed at the exertion of control and supervision in the sphere of insurance activity (of the insurance business)

END COMMENTARY

Article 184. Sale of the Property Complex of an Insurance Organisation

1. The sale of the property complex of an insurance organisation may be effected during the external administration period according to the rules envisaged by Article 110 of the present Federal Law and with due regard to the federal law provisions governing insurance activity.

During the winding-up period the property complex of an insurance organisation may be sold only if the buyer consents to assume the insurance policies of which the effective terms have not yet expired and under which the insured accident has not yet occurred as of the date when the insurance organisation was declared bankrupt.

2. The buyer of the property complex of an insurance organisation may only be an insurance organisation holding a licence for the pursuance of a relevant type of insurance issued by the federal executive governmental body in charge of supervising insurance activity and having assets sufficient for performing the obligations under the insurance policies it assumes responsibility for.

3. In the event of a sale of the property complex of an insurance organisation during external administration, all the rights and duties under the insurance policies for which the insured accident has not yet occurred as of the date of sale of the property of the insurance organisation shall be transferred to the buyer thereof.

Article 185. Insureds' Right of Claim in the Case of Bankruptcy of Insurance Organisations

1. If a court of arbitration has adopted a decision to declare an insurance organisation bankrupt and commence winding-up proceedings all the insurance policies concluded by this organisation as an insurer under which the insured accident has not yet occurred as of the date of the decision shall be terminated, except for the cases specified by Item 1 of Article 184 85181.1841

2. The insureds or beneficiaries under the insurance policies terminated on the grounds specified by Item 1 of the present article shall be entitled to demand a refund of the portion of insurance premium paid to the insurer pro rata to the difference between the term for which the insurance policy was concluded and the actual term of its operation, except as otherwise envisaged by a federal law.

3. The insureds or beneficiaries under the insurance policies under which the insured accident occurred prior to the adoption by the court of arbitration of the decision to declare the insurance organisation bankrupt and commence winding-up proceedings shall be entitled to demand insurance indemnity.

Article 186. Settling the Claims of Third Priority Ranking Creditors

1. If a court of arbitration decided to declare an insurance organisation bankrupt and commence winding-up, the
claims of third priority ranking creditors shall be subject to settlement according to the following procedure:

as first priority ranking: the claims of insured persons and beneficiaries under mandatory personal insurance policies;

as second priority ranking: the claims of beneficiaries and insureds under other mandatory insurance policies;

as third priority ranking: the claims of insured persons, beneficiaries and insureds under personal insurance policies, in particular, the claims specified in Item 2 of Article 185 of the present Federal Law;

as fourth priority ranking: the claims of other creditors.

2. The creditors' claims secured by a pledge/mortgage of the debtor's property shall be met in the manner established by Article 138 of the present Federal Law.

Article 187. The Features of Regulation of the Bankruptcy of Professional Participants in the Securities Market

1. While considering a case of bankruptcy of a professional participant in the securities market, the court of arbitration shall be entitled to make the following take part in the case: the federal executive governmental body in charge of regulation of the securities market and a relevant self-regulating organisation in the securities market.

2. The arbitration insolvency practitioner taking part in a case of bankruptcy of a professional participant in the securities market shall hold an appropriate qualification certificate issued by the federal executive governmental body in charge of regulation of the securities market.

3. The features of bankruptcy proceedings for professional participants in the securities market that are not regulated by the present paragraph and also the measures for protecting the rights and legal interests of the clients of professional participants in the securities market may be established by a federal law.

4. If bankruptcy proceedings are instituted in respect of a debtor being a professional participant in the securities market in the manner established by the present Federal Law the court of arbitration shall within ten days after the institution of the bankruptcy proceedings forward a notice about this to the federal executive governmental body in charge of regulation of the securities market, to the self-regulated organisation of which the professional participant is a member and the clients of the professional participant.

   The notice forwarded to the clients of the professional participant is recommended to contain instructions for the actions to be committed in respect of the securities owned by the client.

5. The provisions of the present article and Articles 188 and 189 of the present Federal Law shall not apply to the bankruptcy of a credit organisation being a professional participant in the securities market, except for cases when the credit organisation is a professional participant in the securities market that pursues custodial activity.

Article 188. Limitations on the Accomplishment of Transactions by a Professional Participant in the Securities Market

Limitations on the accomplishment of deals or transactions in the form of recording rights to securities by a professional participant in the securities market in the case of application of bankruptcy proceedings thereto shall not extend to transactions in the securities of his/her/its clients or the accomplishment of transactions in the form of recording rights to securities which are carried out on clients' instructions and which are confirmed by the clients after the commencement of bankruptcy case proceedings.

Article 189. The Features of External Administration and Winding-Up for a Professional Participant in the Securities Market
1. During external administration the arbitration insolvency practitioner shall be entitled, with the consent and in
the name of the debtor's clients, to transfer the securities managed by, or possessed by the professional participant in the
securities market for safekeeping and/or recording to another organisation holding the appropriate licence of a
professional participant in the securities market.

2. Clients' securities and other property, in particular, amounts of money owned by them and kept in a special
brokerage account of the professional participant in the securities market pursuing brokerage activity shall not be
included in the bankrupt's estate. Also the following shall not be included in the bankrupt's estate: amounts of money
and securities incorporated in special funds intended for reducing the risk of default on the performance of transactions
in securities and those maintained by trade organisers or clearing organisations.

3. From the time of institution of external administration or winding-up, the clients' securities managed by, owned
by a professional participant in the securities market or recorded by a professional participant in the securities market
shall be subject to return to the clients, except as otherwise envisaged by an agreement between the owner of the
property and the debtor or arbitration insolvency practitioner.

If the clients gave no consent to the transfer of the registered securities recorded by the debtor to another
organisation holding the appropriate licence of a professional participant in the securities market, these accounts shall
be transferred to the professional participant in the securities market responsible for keeping the register of owners of
such securities.

4. In case when the claims of clients for the return of the securities of one type (one issuer, one category, one kind,
one series) owned by them exceed the number of the said securities at the disposal of the professional participant in the
securities market, such securities shall be returned pro rata to the clients' claims.

The amount of money kept in a special brokerage account and owned by each client and subject to refund shall be
established on the basis of bookkeeping data of the professional participant in the securities market who pursues
brokerage activity. Clients' claims in as much as their outstanding portion is concerned shall be deemed monetary
obligations and met (settled) in the manner envisaged by Chapter VII of the present Federal Law.

5. If winding-up is under way in respect of a professional participant in the securities market who pursues, the
keeping and/or recording of rights to securities owned by his/her/its clients, the professional participant in the securities
market shall transfer these securities to the professional participant in the securities market indicated by the client.

6. If winding-up is under way in respect of a professional participant in the securities market, who keeps a register
of the owners of registered securities, a register of the owners of investment shares of an investment trust, a register of
participants in a non-state pension fund or a register of creditors' claims, such professional participant in the securities
market shall within one month after the institution of winding-up procedure transfer the information and documents
incorporated in such registers to the professional participant in the securities market designated by the client or
arbitration insolvency practitioner.

5. The Bankruptcy of Strategic Enterprises and Organisations

BEGIN COMMENTARY:

In accordance with Decision (Garant 88850) of the Government of the Russian Federation No. 684 of November
17, 2005, the Rules provided for by this Chapter shall apply in respect of Strategic Enterprises and Strategic Joint-Stock
Companies, metioned in the List, approved by Decree of the President of the Russian Federation No. 1009 of August 4,
2004

END COMMENTARY
Article 190. General Provisions on the Bankruptcy of Strategic Enterprises and Organisations

1. For the purposes of the present Federal Law "strategic enterprises and organisations" means the following:

   the federal state unitary enterprises and public joint-stock companies whose shares are in federal ownership and
   which pursue the production of products (works, services) of strategic significance for ensuring national defence and
   security and protecting the morals, health, rights and legal interests of citizens of the Russian Federation;

   the organisations of the defence-industrial complex, i.e. production, scientific-production, scientific research,
   design and engineering, testing and other organisations carrying out the work of ensuring the completion of the state
   defence order.

2. A list of strategic enterprises and organisations, in particular, the organisations of the defence-industrial complex
   subject to the rules set out in this paragraph shall be approved by the Government of the Russian Federation and be
   subject to mandatory publication.

3. A strategic enterprise or organisation shall be deemed incapable of meeting creditors' claims related to monetary
   obligations and/or perform the duty of making mandatory payments if these obligations and/or duties have not been
   performed within six months after their due date.

4. For the purpose of initiating a bankruptcy case in respect of a strategic enterprise or organisation, claims making
   up in their entirety at least 500,000 roubles shall be taken into account.

Article 191. Measures for Preventing the Bankruptcy of Strategic Enterprises and Organisations

BEGIN COMMENTARY:

On the realisation of measures preventing the bankruptcy of strategic enterprises and organisations, and also the
organisations of the defence-industry complex, see Decision (Garant 12047271) of the Government of the Russian
Federation No. 301 of May 22, 2006

END COMMENTARY

For the purpose of preventing the bankruptcy of strategic enterprises and organisation, the Government of the
Russian Federation shall do the following in accordance with the procedure established by a federal law and other
regulatory legal acts of the Russian Federation:

organise the keeping of records and performing analysis of the financial state of strategic enterprises and
organisations and the solvency thereof;

conduct the reorganisation of strategic enterprises and organisations;

settle the debts of the federal budget resulting from late payments for state defence orders owing strategic
enterprises and organisations acting as contractors under state defence orders;

ensure the implementation of restructuring (principal debt and interest, penalties and fines) of the debts of strategic
enterprises and organisations acting as contractors under state defence orders as owing the federal budget and state
non-budget funds;

promote the achievement of an arrangement of strategic enterprises and organisations with creditors on
restructuring their accounts payable, in particular, by means of providing state guarantees;

perform prejudicial rehabilitation of strategic enterprises and organisations in the manner established by the present
Federal Law;

take other measures for preventing the bankruptcy of strategic enterprises and organisations.

Article 192. The Persons Deemed Party to the Case of Bankruptcy of a Strategic Enterprise or Organisation

The federal executive governmental body responsible for implementation of a comprehensive state policy in the sector of the economy where a specific strategic enterprise or organisation is pursuing its activity shall be deemed a party to the bankruptcy case of the strategic enterprise or organisation among the persons specified by Article 34 of the present Federal Law.

Article 193. The Arbitration Insolvency Practitioner in the Case of Bankruptcy of a Strategic Enterprise or Organisation

Apart from the qualification standards for the arbitration insolvency practitioner nominee established by Articles 20 and 23 of the present Federal Law, the Government of the Russian Federation is entitled to establish a list of additional requirements which shall be binding in the case of approval by a court of arbitration of an arbitration insolvency practitioner nominee in the case of bankruptcy of a strategic enterprise or organisation.

Article 194. The Financial Rehabilitation of Strategic Enterprises and Organisations

1. If the first creditors' meeting has not adopted a decision to institute bankruptcy proceedings in respect of the strategic enterprise or organisation and has not designated a self-regulating organisation to present arbitration insolvency practitioner nominees who comply with the qualifications set by the creditors' meeting, the court of arbitration shall postpone the hearing of the case of bankruptcy of the strategic enterprise or organisation within the term established by Article 51 of the present Federal Law and it shall obligate the creditors to have adopted these decisions by the date set by the court of arbitration.

If the hearing of the case cannot be postponed within the term established by Article 51 of the present Federal Law the court of arbitration shall:

- issue a ruling on instituting financial rehabilitation in respect of the strategic enterprise or organisation if a petition has been filed by the debtor's promoters (stakeholders), the owner of property of the debtor (a unitary enterprise) an authorised state body, the federal executive governmental body responsible for the implementation of a comprehensive state policy in the sector of economy in which the strategic enterprise or organisation pursues its activity or a third person or third persons on the condition that the said persons provide security for the performance of the debtor's obligations, in particular, by means of providing state guarantees in compliance with a debt repayment schedule. The amount of the security so provided shall not be below the amount of the debtor's obligations recorded on the balance sheet as of the last accounting date preceding the first creditors' meeting. In this case the debt repayment schedule shall include a provision for commencement of debt repayment within one month after the arbitration court's ruling on the institution of financial rehabilitation and settlement of creditors' claims on a monthly basis in equal installments over the year from the date of commencement of repayment of creditors' claims;

- issue a ruling on instituting external administration in respect of the strategic enterprise or organisation if no grounds exist for the institution of financial rehabilitation as envisaged by the present article in case when the court of arbitration has received a statement on the possibility of the debtor's solvency restoration during the external administration period from the federal executive governmental body responsible for the implementation of a comprehensive state policy in the sector of the economy in which the strategic enterprise or organisation pursues its activity;

- if no grounds exist for instituting financial rehabilitation and external administration as envisaged by the present article the court of arbitration shall adopt a decision to declare the debtor bankrupt and commence winding-up
proceedings.

2. If the first creditors' meeting adopted a decision to file a petition with the court of arbitration for instituting external administration or for declaring as bankrupt the debtor being a strategic enterprise or organisation and commencing winding-up proceedings the arbitration court may issue a ruling on the institution of financial rehabilitation on the condition that the debtor's promoters (stakeholders), the owner of property of the debtor (unitary enterprise), an authorised state body, the federal executive governmental body responsible for the implementation of a comprehensive state policy in the sector of the economy in which the strategic enterprise or organisation pursues its activity, or a third person or third persons file a petition and provide security for the performance of the debtor's obligations, in particular, by means of providing state guarantees, under a debt repayment schedule. The amount of the security so provided shall not be below the amount of the debtor's obligations recorded on the balance sheet as of the last accounting date preceding the date of the first creditors' meeting. In this case the debt repayment schedule approved by the court of arbitration shall have a provision for the commencement of debt repayment within one month after the date of the arbitration court's ruling on the institution of financial rehabilitation and for repayment of creditors' claims on a monthly basis in equal instalments over the year after the date of the commencement of the settlement of creditors' claims.

The debt repayment schedule envisaged by the present article shall establish debt repayment relating to mandatory payments in compliance with the provisions of the tax legislation.

Article 195. The External Administration of a Strategic Enterprise or Organisation

1. The receiver shall forward an external administration plan she/he has elaborated to the federal executive governmental body responsible for the implementation of a comprehensive state policy in the sector of economy in which the strategic enterprise or organisation is pursuing its activity at least 15 days prior to the date when it is to be considered by a creditors' meeting.

2. The federal executive governmental body specified in Item 1 of the present article shall forward to the creditors' meeting and to the court of arbitration a statement on the external administration plan that comprises an analysis of the measures set out in this plan as aimed at restoring the debtor's solvency during the external administration period.

3. The federal executive governmental body responsible for the implementation of a comprehensive state policy in the sector of economy in which the strategic enterprise or organisation is pursuing its activity shall be entitled to file a petition with the court of arbitration before the date of approval of the external administration plan for the strategic enterprise or organisation by the creditors' meeting for switching to financial rehabilitation if the debtor has not been subjected to financial rehabilitation before. The petition shall be accompanied with a debt repayment schedule and also with information on the security existing for the performance of the debtor's obligations, in particular, in the form of state guarantees under the debt repayment schedule. The amount of the security so provided shall not be below the amount of the debtors' obligations reflected on the balance sheet as of the last accounting date before the holding of the first creditors' meeting. In this case the debt repayment schedule approved by the court of arbitration shall include a provision for the commencement of debt repayment within one month after the date of the arbitration court's ruling on the institution of financial rehabilitation and for repayment of creditors' claims on a monthly basis in equal instalments over the year from the date of the commencement of creditors' claims settlement.

In this case the court of arbitration may issue a ruling on switching to financial rehabilitation.

4. The external administration plan for a strategic enterprise or organisation may have a provision for transactions not deemed the debtor's economic transactions as relating to:

the sale of the enterprise;

the alienation of or encumbrance on immovable property;
the disposal of other property of the debtor of which the balance sheet value makes up over five per cent of the balance sheet value of the debtor's assets determined on the basis of financial statement data as of the last accounting period;

the receipt and extension of loans (credits), the issuance of suretyships and guarantees, the assignment of rights of claim, debt assignment and also the institution of a trust administration in respect of the debtor's property;

the alienation and acquisition of shares and interest in economic partnerships and companies;

the conclusion of simple partnership agreements.

5. The receiver shall not refuse to perform the debtor's contracts relating to the performance of state defence order works and catering for federal state needs in the field of maintaining the national defence and security capabilities of the Russian Federation.

6. The receiver shall not be entitled to alienate the specific types of property, rights in rem and other rights included in the composition of the property complex of the debtor being a strategic enterprise or organisation intended for the pursuance of an activity connected to the performance of state defence order works, and catering for federal state needs in the field of maintaining national defence and security capabilities of the Russian Federation.

7. The sale of a debtor's enterprise intended for the pursuance of an activity relating to the performance of state defence order works, catering for federal state needs in the field of maintaining the national defence and security capabilities of the Russian Federation shall be effected at a public sale in the form of a tender, except as otherwise established by the present article.

If the composition of the debtor's enterprise intended for the pursuance of an activity relating to the performance of state defence order works, catering for federal state needs in the field of maintaining the national defence and security capabilities of the Russian Federation, incorporates property deemed limited-alienability property, the sale of the enterprise shall only be effected at a closed sale in the form of a tender.

In the case of a sale at a closed sale of an enterprise or debtor's property deemed limited-alienability property, only the persons entitled to own or otherwise possess the said property in compliance with a federal law may take part in the sale.

The following obligations of the buyer shall be deemed the conditions sine qua non of the tender:

- to ensure compliance with the intended purpose of the said debtor's property complex and mobilisation-purpose property;

- to perform the debtor's contracts relating to the performance of state defence order works and catering for federal state needs in the field of maintaining the national defence and security capabilities of the Russian Federation.

8. In the case of sale of a debtor's enterprise being a strategic enterprise or organisation intended for the purpose of pursuing activity relating to the performance of state defence order works or catering for federal state needs in the field of maintaining the Russian Federation's national defence and security capabilities, the Russian Federation shall have a priority right to acquire this enterprise.

In the case of sale at a sale of an enterprise of the debtor being a strategic organisation not being a federal state unitary enterprise intended for the purpose of pursuing an activity relating to the performance of state defence order works or catering for federal state needs in the field of maintaining the Russian Federation's national defence and security capabilities, the Russian Federation shall be entitled, within one month after the date of signing the minutes on the results of the sale, to conclude a sale/purchase contract for the acquisition of this enterprise at the price set according
to the results of the sale and recorded in the minutes on the results of the sale on the terms of the tender.

If within the said term the Russian Federation did not conclude a contract of sale/purchase, this contract shall be concluded with the winner in the sale determined in the minutes on the results of the sale.

The winner in the sale shall pay the selling price of the enterprise determined by the sale, within the term specified in the announcement of the sale, and it shall not exceed one month from the date of conclusion of the contract of purchase/sale.

Bankruptcy creditors and the (Garant 5108) affiliated persons thereof shall not be cleared for taking part in the sale.

9. In the case of sale at a sale of a debtor's enterprise being a strategic enterprise or a federal state unitary enterprise intended for the pursuance of activity relating to the performance of state defence order works, or catering for federal state needs in the field of maintaining the Russian Federation's national defence and security capabilities, the Russian Federation shall be entitled to provide funds to the debtor within one month after the signing of the minutes on the results of the sale, in an amount equal to the selling price of this enterprise set according to the results of the tender and specified in the minutes on the results of the sale. The said funds shall be used by the debtor to settle creditors' claims in compliance with the register of creditors' claims.

If within the said term the Russian Federation did not provide funds to the debtor in compliance with the present article, a contract of purchase/sale shall be concluded with the winner in the sale determined by the minutes on the results of the sale.

The winner in the sale shall pay the selling price of the enterprise set at the sale within the term specified in the announcement of the sale, such term not exceeding one month after the conclusion of the contract of purchase/sale.

In the case of sale at a sale in the form of a tender of a debtor's enterprise being a strategic enterprise or organisation intended for the purpose of pursuing activity relating to the performance of state defence order works or catering for federal state needs in the field of maintaining the Russian Federation's national defence and security capabilities the federal executive governmental body responsible for implementing a comprehensive state policy in the sector of the economy in which the strategic enterprise or organisation pursues its activity shall conclude an agreement on compliance with the terms of the tender with the buyer of this enterprise. If the debtor is in breach of or default on performance of the agreement on compliance with the terms of the tender this agreement and the contract for the purchase/sale of this debtor's enterprise shall be subject to rescission by a court of arbitration on the complaint of the said federal body. In the event of rescission by the court of arbitration of the said agreement and the contract of purchase/sale such a debtor's enterprise shall be subject to transfer into federal ownership in the manner established by a federal law.

Article 196. Strategic Enterprises and Organisations Winding-Up Proceedings

1. The sale of a debtor's enterprise being a strategic enterprise or organisation shall be effected in the manner envisaged by Items 7-9 of Article 195 1957

The sale of the property, rights in rem and other rights not incorporated in the debtor's property complex intended for the purpose of pursuing activity relating to the performance of state defence order works or catering for federal state needs in the field of maintaining the Russian Federation's national defence and security capabilities may be effected in the manner set out in Article 111 of the present Federal Law.

2. If the debtor's property incorporates a property exempt from alienation, the administrator shall notify the owner of the property exempt from alienation.
The owner of the property exempt from alienation shall accept this property from the administrator or shall attach it to other persons within six months after the receipt of the notice.

BEGIN COMMENTARY:

Paragraph 6 of Chapter IX of the present Federal Law shall enter into force 85181.2311 as of January 1,

END COMMENTARY

6. The Bankruptcy of Natural Monopoly Entities

Article 197. General Provisions on the Bankruptcy of Natural Monopoly Entities

1. For the purposes of the present Federal Law "natural monopoly entity" means an organisation pursuing production and/or sale of goods (works, services) in a natural monopoly environment.

2. The natural monopoly entity shall be deemed incapable of meeting creditors' claims relating to monetary obligations and/or execute its duty to make mandatory payments if these obligations and/or duties have not been performed by it within six months after their due date.

3. A bankruptcy case may be initiated by a court of arbitration if the creditors' claims relating to monetary obligations and mandatory payments in respect of a debtor being a natural monopoly make up in their entirety at least 500,000 roubles. The said claims shall be confirmed by a writ of execution and shall not have been fully settled by means of levying execution on the property of first and second priority ranking creditors in compliance with Article 59 of the Federal Law on Execution Proceeding.

Article 198. A Person Deemed Party to a Case of Bankruptcy of a Natural Monopoly Entity

Like the persons specified by the present Federal Law, the federal executive body authorised by the Government of the Russian Federation to pursue state policy in respect of a specific natural monopoly entity shall be deemed party to the case of bankruptcy of a debtor being a natural monopoly entity.

Article 199. Considering the Case of Bankruptcy of a Natural Monopoly Entity

1. If prior to the acceptance of an application for declaring a debtor bankrupt, a debtor being a natural monopoly entity filed a complaint with a court claiming declaration as invalid governmental bodies' acts on approval of prices (tariffs) for the goods (works, services) produced and/or sold in a natural monopoly environment, the hearing of the case of bankruptcy of such a debtor shall be suspended until the entry into force of a decision on the case of declaration as invalid these acts of governmental bodies.

2. The court of arbitration may decide to refuse to declare the debtor being a natural monopoly bankrupt if the relevant acts of the governmental bodies have been declared invalid in as much as they concerned the approval of prices (tariffs) for the goods (works, services) produced and/or sold in a natural monopoly environment.

Article 200. External Administration of a Natural Monopoly Entity

1. A receiver is not entitled to refuse to perform the debtor's contracts for the benefit of consumers in respect of which termination of obligations of relevant natural monopoly entities is prohibited by federal laws and other regulatory legal acts.

2. The receiver is not entitled to alienate the debtor's property being a single technological complex of a natural monopoly entity. This property includes movable and immovable and other property directly used for the production and/or sale of goods (works, services) in a natural monopoly environment as well as the stocks of expendable raw
materials and materials used for performing the contracts related to the debtor's activity as a natural monopoly entity.

Article 201. Sale of the Property of a Debtor Being a Natural Monopoly Entity

1. When bankruptcy proceedings are implemented the conditions specified in Item 2 of the present article shall be established as a condition sine qua non for the contract of purchase/sale of the property of the debtor being a natural monopoly entity which is directly used for the production and/or sale of goods (works, services) under natural monopoly conditions.

The debtor's property directly used for the production and/or sale of goods (works, services) under natural monopoly conditions shall be put up for sale as a single lot.

2. Below are the conditions sine qua non for the purchase/sale of property of a debtor being a natural monopoly entity:

- the buyer's consent to assume the debtor's obligations under contracts of delivery of goods being the subject matter of regulation by the legislation on natural monopolies;
- the assumption by the buyer of the obligation to ensure access to goods (works, services) produced and/or sold for consumers;
- the presence of a licence of the pursuance of a relevant type of activity, if the debtor's activity is subject to licensing.

When the debtor's property directly used for the production and/or sale of goods (works, services) under natural monopoly conditions is offered for sale by tender the federal executive governmental body authorised by the Government of the Russian Federation to pursue state policy in respect of natural monopoly entities shall conclude an agreement on compliance with the terms of the tender with the buyer of the said debtor's property.

3. If the buyer of the debtor's property directly used for the production and/or sale of goods (works, services) under natural monopoly conditions is in breach of the terms set out in Item 2 of the present article the contract shall be subject to rescission by a court of arbitration on an application of the relevant federal executive governmental body.

When a contract is rescinded, the buyer of the property shall be reimbursed for the funds spent to buy property and effect investment in past investment periods. In the case of rescission of a contract, the property shall be transferred into federal ownership.

4. In the event of sale of a property directly used for the production and/or sale of goods (works, services) under natural monopoly conditions, the Russian Federation, the Russian regions and municipal entities as represented by relevant authorised bodies shall have a priority right to acquire the property offered for sale in the manner specified in Items 8 and 9 of Article 195 of the present Federal Law.

5. The Russian Federation, the Russian regions and municipal entities as represented by the relevant authorised bodies shall be entitled to suspend the sale of property directly used for the production and/or sale of goods (works, services) under natural monopoly conditions during external administration for a term not exceeding three months for the purpose of elaboration of proposals for restoring the solvency of the natural monopoly entity.

6. Changing the specialisation of or closing down a production facility (production facilities) pursuing the production (sale) of goods (works, services) under natural monopoly conditions shall be permitted in the manner established by federal law.

Chapter X. The Bankruptcy of a Citizen

BEGIN COMMENTARY:

The provisions set out in the present Federal Law as concerning the bankruptcy of the citizens not being individual entrepreneurs shall enter into force 85181.2312 introduction of appropriate amendments to federal laws.

END COMMENTARY

Article 202. Regulating Personal Bankruptcy

1. The relations connected to the bankruptcy of a citizen shall be governed by the rules set out in Chapters I-VIII of the present Federal Law, except as otherwise established by the present chapter.

2. The rules set out in the present paragraph shall be applicable to relations connected to the bankruptcy of an individual entrepreneur and the bankruptcy of a peasant (individual) farm with due regard to the features contained in Paragraphs 2 and 3 of the present chapter.

Article 203. The Application for Declaring a Citizen Bankrupt

1. The application for declaring a citizen bankrupt may be filed with a court of arbitration by a citizen being a debtor, by a creditor and also by an authorised body.

2. The right to file an application for declaring a citizen bankrupt shall belong to creditors, except for creditors relating to claims for compensating harm inflicted to life or health, for alimony and also the creditors whose claims have an inseparable link to their personality.

3. During the application of personal bankruptcy proceedings the creditors whose claims relate to compensation for harm inflicted to life or health or for alimony and also the creditors whose claims have an inseparable, link to their personality shall be entitled to present their claims.

The claims of the said creditors which have not been declared by them during the application of personal bankruptcy proceedings shall remain effective after the completion of personal bankruptcy proceedings.

Article 204. The Debt Repayment Schedule

1. The application of the citizen may be accompanied with a schedule for repayment of his/her debts, with copies of the schedule being forwarded to the creditors and other persons deemed party to the bankruptcy case.

2. If the creditors have no objections the court of arbitration may approve the debt repayment schedule, this serving as a ground for suspending proceedings in the bankruptcy case for a term not exceeding three months.

3. The debt repayment schedule shall include the following:

   its completion term;

   the amounts of money left every month for the debtor and members of the debtor's family as means of subsistence;

   the amounts of money planned as monthly allocation for repayment of the creditors' claims.

4. Upon a substantiated petition of the persons deemed party to the bankruptcy case, the court of arbitration shall be entitled to amend the debt repayment schedule, in particular, to extend or reduce its completion term, the amounts of money left every month for the debtor and members of his/her family as means of subsistence.
5. If, as a result of completion of the debt repayment schedule by the debtor, the creditors' claims have been settled in full the proceeding in the bankruptcy case shall be subject to termination.

Article 205. A Citizen's Property Not Included in the Bankrupt's Estate

1. The bankrupt's estate shall not incorporate a citizen's property exempt from levy of execution under the civil procedural legislation.

2. Upon a substantiated petition of a citizen or other persons deemed party to the bankruptcy case, a court of arbitration shall be entitled to exclude from the bankrupt's estate property which under civil procedural law can be subjected to recovery, which is not liquid or property from which income cannot significantly affect the settlement of creditors' claims. The total value of the citizen's property excluded from the bankrupt's estate under the provisions of the present item shall not exceed 100-fold the minimum wage rate (Garant 10080093) as established by federal law.

A list of the citizen's property excluded from the bankrupt's estate under the provisions of the present item shall be approved by the court of arbitration, with a ruling being issued to this effect, which is subject to appeal.

Article 206. Invalidity of a Citizen's Transactions

1. A citizen's transactions relating to alienation or transfer of the citizen's property in another way to interested persons in the year preceding the court of arbitration's bringing an action in a bankruptcy case shall be deemed null and void.

2. At the demand of a creditor the court of arbitration shall apply consequences of invalidity of a transaction deemed null and void in the form of return of the citizen's property which is the subject matter of the transaction so that it becomes part of the citizen's property or in the form of levying execution on relevant property possessed by the interested persons.

Article 207. The Hearing of a Personal Bankruptcy Case by a Court of Arbitration

1. Simultaneously with the issuance of a ruling on the institution of receivership in respect of a citizen the court of arbitration shall impose a seizure of the citizen's property, except for the property which under the civil procedural law cannot be subjected to recovery.

The interim receiver shall arrange for the performance of an independent appraisal of the debtor's property before the hearing of the bankruptcy case by the court of arbitration.

2. On the citizen's petition the court of arbitration may release the seized property of the citizen (a part thereof) if a suretyship or another security for the performance of the citizen's obligations is provided by third persons.

3. On the basis of the citizen's application the court of arbitration may postpone the hearing of the bankruptcy case by up to one month to allow the citizen the effect settlements with creditors or reach a voluntary arrangement.

4. If information is on hand that an inheritance has been opened for the benefit of the citizen the court of arbitration shall be entitled to suspend proceedings in the bankruptcy case until the matters of inheritance are resolved in the manner envisaged by a federal law.

5. If within the term set by Item 3 of the present article the citizen has not provided proof that the creditors' claims have been met and if within the said term no voluntary arrangement has been reached, the court of arbitration shall adopt a decision to declare the citizen bankrupt and commence administration of the bankrupt's estate.

Article 208. The Consequences of a Citizen's Being Declared Bankrupt
1. From the time when a court of arbitration adopts a decision whereby a citizen is declared bankrupt and administration of the bankrupt's estate is commenced, the following consequences take effect:

- the citizen's obligations shall be deemed due;
- the accrual of forfeit money (fines, penalties), interest and other financial sanctions on all the obligations of the citizen shall be terminated;
- recovery on the citizen shall be terminated under all writs of execution, except for the writs of execution relating to claims for compensation for harm inflicted upon the life or health and also claims for alimony.

2. A decision whereby a citizen is declared bankrupt and administration of the bankrupt's estate is commenced shall be forwarded by the court of arbitration to all known creditors complete with an indication of the term for creditors to present their claims, such a term not exceeding two months.

Expenses towards the posting of the said decision of the court of arbitration shall be borne by the citizen.

Article 209. Performance of an Arbitration Court's Decision

1. The decision of an arbitration court whereby a citizen is declared bankrupt and administration of the bankrupt's estate is commenced and a writ of execution concerning the levy of execution on the citizen's property shall be forwarded to a bailiff for the purpose of effecting the sale of the debtor's property. The whole property of the citizen shall be subject to sale, except for the property not included in the bankrupt's estate in compliance with the present Federal Law.

2. If there is a permanent need for managing the citizen's immovable property or valuable movable property the court of arbitration shall approve an administrator for such purposes and set the rate of remuneration she/he entitled to. In this case the administration shall be responsible for the sale of the citizen's property.

3. The receipts from the sale of the citizen's property and also the amounts of money available shall be deposited with the court of arbitration that has adopted the decision whereby the citizen was declared bankrupt.

Article 210. Considering Creditors' Claims

The court of arbitration shall consider the creditors' claims declared by creditors or by the debtor within the term specified in Item 2 of Article 208 consideration of the said claims the court of arbitration shall issue a ruling on the procedure for and the amount of settlement of the creditors' claims.

Article 211. Procedure for Settling Creditors' Claims

1. Before the settlement of creditors' claims at the expense of the amounts of money deposited with the court of arbitration, the expenses relating to the bankruptcy case hearing and execution of the arbitration court's decision whereby the citizen was declared bankrupt, and administration of the bankrupt's estate commenced shall be covered.

2. Creditors' claims shall be settled according to the following priority ranking:

   - as first priority ranking: the claims of the citizens to whom the citizen is liable for the infliction of harm to life or health, by means of capitalisation of relevant time-based payments, and also claims for alimony;
   - as second priority ranking: settlements relating to the disbursement of severance benefits and wages/salaries to the persons working under a labour contract and the disbursement of royalties under a copyright contract;
   - as third priority ranking: settlements with other creditors. Settlements with creditors shall be effected in the manner
envisaged by
Articles 135-138 of the present Federal Law.

3. The claims of creditors of each priority ranking category shall be met after the claims of creditors of the
preceding category have been settled in full, except for the cases established by the present Federal Law for meeting the
creditors' claims secured with a pledge/mortgage of the debtor's property.

4. If the funds deposited with the court of arbitration are insufficient they shall be distributed among the creditors
of a specific priority ranking category pro rata to the amounts of their claims.

Article 212. Relieving a Citizen from Obligations

1. Upon the completion of settlements with creditors, a citizen declared bankrupt shall be relieved from further
performance of the creditors' claims declared during bankruptcy proceedings, except for the claims specified by Item 2
of the present article.

2. Creditors' claims for compensation for harm inflicted to life or health, collection of alimony and also other
claims inseparably linked to the creditor's personality which have not been settled by execution of the arbitration court's
decision to declare the citizen bankrupt or which have been partially settled or which have not been declared during
bankruptcy proceedings, shall remain and they may be presented upon the termination of personal bankruptcy case
proceedings either in full or in as much as their outstanding portion is concerned.

3. If facts are discovered whereby the citizen has concealed property or has illegally transferred property to third
persons, the creditor whose claims were not settled during bankruptcy proceedings shall be entitled to present a claim
for levy of execution on this property.

Article 213. The Consequences of the Repeated Bankruptcy of a Citizen

1. Within a five-year term following the declaration of a citizen as bankrupt, a bankruptcy case shall not be
initiated again at the application of the citizen.

2. In the event of a repeated declaration of a citizen as bankrupt on the application of a creditor or on the
application of an authorised body relating to claims for mandatory payments within the five-year term following the
completion of settlements with creditors, such a citizen shall not be relieved from further performance of creditors' claims.

Unsettled creditors' claims may be presented in the manner established by the civil legislation.

2. The Features of Bankruptcy of Individual Entrepreneurs

Article 214. Grounds for Declaring an Individual Entrepreneur Bankrupt

The ground for declaring an individual entrepreneur bankrupt is his/her incapability to meet creditors' claims
relating to monetary obligations and/or to perform the duty of making mandatory payments.

Article 215. The Application for Declaring an Individual Entrepreneur Bankrupt

1. An application for declaring an individual entrepreneur bankrupt may be filed by the debtor being the individual
entrepreneur, a creditor whose claim is related to obligations in the pursuance of entrepreneurial activity, or authorised
bodies.

2. When bankruptcy proceedings are applied to an individual entrepreneur, his/her creditors whose claims are not
related to obligations in the pursuance of entrepreneurial activity and also the creditors whose claims are inseparably
linked to the creditors’ personalities shall also be entitled to present their claims.

Article 216. The Consequences of Declaration of an Individual Entrepreneur Bankrupt

1. As of the time when a court of arbitration adopts a decision to declare an individual entrepreneur bankrupt and to commence administration of the bankrupt's estate, the citizen's state registration as an individual entrepreneur shall be annulled as shall the licences issued to the citizen for the pursuance of specific types of entrepreneurial activity.

2. An individual entrepreneur declared bankrupt shall not be registered as an individual entrepreneur within the one-year term following the time when she/he is declared bankrupt.

3. The court of arbitration shall forward a copy of the decision whereby an individual entrepreneur is declared bankrupt and administration of the bankrupt’s estate is commenced to the body that registered the citizen as an individual entrepreneur.

3. The Features of Bankruptcy of a Peasant (Individual) Farm

Article 217. Grounds for Declaring a Peasant (Individual) Farm Bankrupt

The ground for declaring a peasant (individual) farm bankrupt shall be its inability to meet creditors' claims relating to monetary obligations and/or perform the duty to make mandatory payments.

Article 218. The Features of the Procedure for Declaring an Entrepreneur Being the Head of a Peasant (Individual) Farm Bankrupt

1. The application of an individual entrepreneur being the head of a peasant (individual) farm for being declared bankrupt (hereinafter referred to as "application") may be filed with a court of arbitration if the consent in writing of all the members of the peasant (individual) farm is present.

   The application shall be signed by the individual entrepreneur being the head of a peasant (individual) farm.

2. Apart from the documents specified in Article 38 of the present Federal Law the following documents shall be attached to the application:

   on the composition and value of the property of the peasant (individual) farm;

   on the composition and value of the property owned by the members of the peasant (individual) farm as well as on the sources at the expense of which the said property has been acquired;

   the amount of income that can be received by the peasant (individual) farm upon the completion of a relevant period of agricultural work.

   The said documents shall also be attached by an individual entrepreneur being the head of a peasant (individual) farm to a reply to the application of a creditor.

Article 219. Features of the Financial Rehabilitation of a Peasant (Individual) Farm and the External Administration of a Peasant (Individual) Farm

1. Within two months after the issuance of a ruling by a court of arbitration on the institution of receivership in respect of a peasant (individual) farm, the head of the peasant (individual) farm may file a financial rehabilitation plan and a debt repayment schedule with the court of arbitration.
2. If implementation of the measures specified in the financial rehabilitation plan is going to allow the peasant (individual) farm to use among other means the incomes that can be received by the peasant (individual) farm upon the completion of a relevant period of agricultural work to settle creditors’ claims relating to monetary obligations and mandatory payments in compliance with the debt repayment schedule, the court of arbitration shall institute financial rehabilitation.

A ruling shall be issued by the court of arbitration on the institution of financial rehabilitation for the peasant (individual) farm, such a ruling being subject to appeal.

3. The financial rehabilitation of a peasant (individual) farm shall be instituted until the completion of a relevant period of agricultural work with due regard to the time required for the sale of agricultural products produced or produced and processed.

If over the financial rehabilitation period there was a recession and deterioration in the financial state of the peasant (individual) farm due to a natural disaster, epizootic or other circumstances of an extraordinary nature, the financial rehabilitation term may be prolonged by one year on the condition that the debt repayment schedule is amended in the manner specified in Article 85 of the present Federal Law.

4. On the basis of a decision of a creditors’ meeting, if there exists the possibility of restoration of solvency of the peasant (individual) farm, the court of arbitration shall institute external administration.

The external administration of a peasant (individual) farm shall be instituted until the expiry of a relevant period of agricultural work with due regard to the time required for the sale of agricultural products produced or produced and processed. The external administration term shall not exceed the duration established by Item 2 of Article 92 of the present Federal Law by more than three months.

If over the financial rehabilitation period there was a recession and a deterioration in the financial state of the peasant (individual) farm due to a natural disaster, epizootic or other circumstances of an extraordinary nature, the external administration term may be prolonged by one year.

5. The external administration of a peasant (individual) farm may be terminated by the court of arbitration before due time on an application of the administrator or any of the creditors in the case of:

- default on completing the measures specified in the external administration plan;

- the presence of other circumstances evidencing the impossibility of restoration of solvency of the peasant (individual) farm.

Termination before due time of the external administration of a peasant (individual) farm shall entail its being declared bankrupt and administration of the bankrupt’s estate being commenced.

Article 220. The Administrator

1. An administration shall be approved by the court of arbitration for the purpose of conducting external administration of a peasant (individual) farm.

2. A person who does not comply with the criteria set out by the present Federal Law for arbitration insolvency practitioners may be approved as an administrator.

3. On the consent of the administrator the powers of an administrator may be exercised by the head of the peasant (individual) farm.

Article 221. The Bankrupt's Estate of a Peasant (Individual) Farm
1. If the court of arbitration has declared a peasant (individual) farm bankrupt and commenced administration of the bankrupt's estate the following shall be included in the bankrupt's estate of the peasant (individual) farm: the immovable property in common ownership of the members of the peasant (individual) farm, in particular, plants, utility and other buildings, amelioration and other facilities, pedigree, dairy and working cattle, poultry, agricultural and other machinery and equipment, means of transportation, implements and other property acquired for the peasant (individual) farm at the expense of common funds of its members, as well as the right of lease of the land plot possessed by the peasant (individual) farm and other rights in rem assessable in terms of money which are possessed by the peasant (individual) farm.

2. In the case of bankruptcy of a peasant (individual) farm the land plot possessed by the peasant (individual) farm may be alienated or transferred to another person, to the Russian Federation, the Russian region or the municipal entity to the extent in which its alienation is permitted by the land legislation.

3. The property owned by the head of the peasant (individual) farm and the members of the peasant (individual) farm as well as the other property in respect of which it is proven that it has been acquired for incomes not deemed common funds of the peasant (individual) farm shall not be included in the bankrupt's estate.

Article 222. Procedure for the Sale of Property and Rights in Rem of a Peasant (Individual) Farm

1. In the event of sale of the property of a peasant (individual) farm the arbitration insolvency practitioner shall offer for sale the enterprise of the debtor being the peasant (individual) farm by means of arranging a sale.

2. The priority right to acquire the property of the peasant (individual) farm shall belong to persons pursuing the production of agricultural products and possessing the land plots adjacent to the land plot belonging to the peasant (individual) farm.

3. While realising the property specified in Item 2 of the present article and also the rights in rem of the peasant (individual) farm, the arbitration insolvency practitioner shall conduct an independent appraisal of the property and the rights in rem and shall offer to the persons specified in Item 2 of the present article to acquire the property and the rights in rem at the appraisal value.

If within one month after the receipt of the offer for acquisition of the property and rights in rem the said persons have not declared their will to acquire the property and the rights in rem, the arbitration insolvency practitioner or the head of the peasant (individual) farm shall effect realisation of the property and the rights in rem in the manner set out in the present Federal Law.

Article 223. The Consequences of Declaration of a Peasant (Individual) Farm Bankrupt

1. As of the time of adoption of the decision whereby a peasant (individual) farm is declared bankrupt and administration of the bankrupt's estate is commenced, the state registration of the head of the peasant (individual) farm as an individual entrepreneur shall become invalid.

2. The court of arbitration shall forward a copy of the decision whereby the peasant (individual) farm was declared bankrupt and administration of the bankrupt's estate was commenced to the body that registered the head of the peasant (individual) farm as an individual entrepreneur.
1. If the value of property of a debtor being a legal person in respect of which a liquidation decision has been adopted is insufficient for meeting creditors' claims, such legal person shall be liquidated in the manner established by the present Federal Law.

2. If the circumstances specified in Item 1 of the present article have been discovered the liquidation commission (liquidator) shall file a petition with the court of arbitration for declaring the debtor bankrupt.

3. If the circumstances specified in Item 1 of the present article are discovered after the adoption of the decision to liquidate the legal person and before the formation of the liquidation commission (appointment of a liquidator) an application for declaring the debtor bankrupt shall be filed with the court of arbitration by the owner of property of the debtor being a unitary enterprise, a promoter (stakeholder) of the debtor or the head of the debtor.

Article 225. The Features of Consideration of a Case of Bankruptcy of a Debtor in Liquidation

1. The court of arbitration shall adopt a decision to declare a debtor in liquidation bankrupt and to commence winding-up procedure and shall approve an administrator.

In the event of bankruptcy of a debtor in liquidation receivership, financial rehabilitation or external administration shall not be instituted.

2. Creditors shall be entitled to present their claims to the debtor in liquidation within one month after the date of publication of an announcement of declaration of the debtor in liquidation bankrupt.

3. If a bankruptcy case has been opened on an application filed before the formation of a liquidation commission (appointment of a liquidator) by the owner of property of the debtor being a unitary enterprise, a promoter (stakeholder) of the debtor or the head of the debtor, the bankruptcy case shall be considered with no account being taken of the features specified in the present paragraph.

Article 226. The Consequences of Refusal to Liquidate a Debtor by Way of Bankruptcy

1. A breach of the provisions of Item 2 of Article 224 of the present Federal Law shall be deemed a ground for refusing to make an entry on liquidation of the legal person in the comprehensive state register of legal persons.

2. If they commit a violation of the provisions of Items 2 and 3 of Article 224 debtor being a unitary enterprise, the debtor's promoters (stakeholders), the debtor's head and the chairman of the liquidation commission (the liquidator) shall be subsidiarily liable for unsettled creditors' claims relating to the debtor's monetary obligations and mandatory payments.

2. The Bankruptcy of a Debtor in Absentia

Article 227. The Features of Filing an Application for Declaring a Debtor in Absentia Bankrupt

1. In cases when the debtor being a citizen or the head of the debtor being a legal person which has terminated its activity is absent or his/her whereabouts cannot be established, an application for declaring the debtor in absentia bankrupt may be filed by a bankruptcy creditor or an authorised body, no matter the amount of accounts payable.

2. The application for declaring a debtor in absentia bankrupt shall be filed by an authorised body only if there are sufficient funds to finance bankruptcy proceedings. The procedure and terms (Garant 87461) for financing bankruptcy proceedings in respect of debtors in absentia, in particular, the amount of remuneration of the administrator shall be determined by the Government of the Russian Federation.

Article 228. Hearing the Case of Bankruptcy of a Debtor in Absentia
1. Within one month after the commencement of proceedings on an application for declaring a debtor in absentia bankrupt, the court of arbitration shall adopt a decision to declare the debtor in absentia bankrupt and to commence winding-up.

In the case of bankruptcy of a debtor in absentia, receivership, financial rehabilitation and external administration shall not be applicable.

2. A notice in writing of the bankruptcy of the debtor in absentia shall be served by the administrator to all the creditors of the debtor in absentia which are known to him/her, and they may present their claims to the administrator within one month after the receipt of the notice.

3. At the petition of the administrator if she/he discovers property of the debtor in absentia, the court of arbitration may issue a ruling on termination of simplified bankruptcy proceedings and switch to the bankruptcy proceedings envisaged by the present Federal Law.

4. The case of bankruptcy of a debtor in absentia shall be heard by the judge in person.

Article 229. Distribution of Receipts

Creditors' claims shall be met in accordance with the priority ranking set out in Article 134 of the present Federal Law. Here court expenses and expenses towards disbursement of remuneration for the benefit of the administrator shall be covered as top priority.

Article 230. Application of Provisions on the Bankruptcy of a Debtor in Absentia

The provisions of the present paragraph shall be applicable also in case when the property of a debtor being a legal person is known to be insufficient for covering court expenses relating to the bankruptcy case or if no transactions have been accomplished on the debtor's bank accounts within the last 12 months preceding the date of filing of the application for declaring the debtor bankrupt, and also if there is other evidence of lack of entrepreneurial or other activity on the part of the debtor.

BEGIN COMMENTARY:

On the Procedure for Considering a Debtor's Application for Recognizing Him as a Bankrupt, if He Has No Property Sufficient to Cover the Outlays on a Case of Bankruptcy, see Information Letter (Garant 12041736) of the Presidium of the Higher Arbitration Court of the Russian Federation No. 94 of July 26, 2005

END COMMENTARY

Chapter XII. Conclusive and Transitional Provisions

Article 231. Entry Into Force of the Present Federal Law

BEGIN COMMENTARY:

Federal Law (Garant 12038287) No. 220-FZ of December 31, 2004 amended Item 1 of Article 231 of this Federal Law

See text of the Item in the previous wording (Garant 3900785)

END COMMENTARY

1. The present Federal Law shall enter into force upon the expiry of 30 days after is official publication (Garant
185181), except for Item 3 of the present article of which the provisions shall enter into force as of the date of official publication of the present Federal Law and Paragraph 6 of Chapter IX 85181.9600 into force as of July 1, 2009.

The provisions of Paragraph 11 of Item 4 of Article 29 of the present Federal Law shall enter into force upon the expiry of three months after the entry into force of the present Federal Law.

2. The provisions on bankruptcy of citizens not being individual entrepreneurs set out in the present Federal Law shall enter into force as of the date of entry into force of a federal law on the introduction of appropriate amendments to federal laws.

3. Within one year after the entry into force of the present Federal Law the regulating body in respect of the practitioners 85181.20022 regulating organisation of arbitration insolvency practitioners shall:

monitor their observing in their activity as arbitration insolvency practitioners the provisions of the legislation of the Russian Federation and the rules of professional activity of arbitration insolvency practitioners approved by the Government of the Russian Federation;

perform verification of the activity of arbitration insolvency practitioners;

file applications with a court of arbitration for releasing arbitration insolvency practitioners from their duties of arbitration insolvency practitioners in cases when violations are discovered of provisions of the legislation of the Russian Federation and of the rules of professional activity of arbitration insolvency practitioners approved by the Government of the Russian federation.

4. The court of arbitration may approve the persons who comply with the standards set by Article 20 of the present Federal Law as arbitration insolvency practitioners.

Within one year after the entry into force of the present Federal Law the following persons may be members of self-regulating organisations of arbitration insolvency practitioners and may be approved by a court of arbitration as arbitration insolvency practitioners in bankruptcy cases: the persons who comply with the standards set by Items 1 and 20 85181.2008 5, 6 85181.20105 and 8 of Item 1 of Article 20, and the persons who held arbitration insolvency practitioner licences, except for cases when such licences have been revoked or annulled.

Within the term specified by Item 3 of the present article the following shall in particular be taken into account as the executive work record sufficient for a person to be appointed arbitration insolvency practitioner: the period when the person worked as acting arbitration insolvency practitioner of at least one year, except for the period of work as acting arbitration insolvency practitioner in respect of a debtor in absentia.

Within one year after the entry into force of the present Federal Law the documents specified in Paragraphs 7 and 9 of Item 5 of Article 21 of the present Federal Law need not be presented.

5. Within one year after the entry into force of the present Federal Law the creditor and the debtor shall not be entitled to indicate in the application for declaring the debtor bankrupt the self regulating organisation from among whose members the interim receiver is to be approved.

Within one year after the entry into force of the present Federal Law where no self-regulating organisation is indicated in the application, the court of arbitration shall forward to the regulation body a request for the provision of interim receiver nominees. Within five days after the receipt of the request the regulation body shall present three nominees for the position of interim receiver. The creditor on whose application the bankruptcy case has been initiated and also the debtor during the courtroom hearing shall be entitled to dismiss one nominee each. The court of arbitration shall approve the interim receiver nominee from among the nominees which have not been dismissed in the established manner.
Within the term specified in Paragraph 1 of the present item the approval of an arbitration insolvency practitioner nominee shall be effected in the manner established by Articles 15 and 45 of the present Federal Law, or a creditors' meeting may select and present to the court of arbitration three arbitration insolvency practitioner nominees (administrative receiver, receiver or administrator). Here the debtor shall be entitled to dismiss one of the arbitration insolvency practitioner nominees presented. The regulation body shall be entitled to dismiss, with reasons being indicated, one or several arbitration insolvency practitioner nominee(s) if he/she/they fail to comply with the standards set by Item 4 of the present article.

The court of arbitration shall approve a nominee to the position of administrative receiver, receiver or administrator from among the nominees who have not been dismissed in the established manner.

6. Until the time when the Government of the Russian Federation designates an official publication for publishing, in keeping with Article 28 85181.28 bankruptcy, such information shall be published in Rossiyskaya Gazeta.

BEGIN COMMENTARY:

In accordance with Decision (Garant 12041559) of the Government of the Russian Federation No. 510 of August 12, 2005, an official edition in which information stipulated in the present Federal Law shall be published, is to be identified in accordance with the results of a tender held among the editorial boards of the printed mass media

END COMMENTARY

7. Within one year after the entry into force of the present Federal Law the receiver or administrator shall recruit the specialised state organisation authorised by the Government of the Russian Federation to organise, free of charge, a sale for the purpose of selling the debtor's property of which the balance sheet value as of the last accounting date makes up at least 200,000,000 roubles.

8. Until the time when appropriate amendments are made to the legislation on taxes and fees and/or the budget legislation the rule of pro rata settlements of the claims envisaged in Item 4 of Article 84 of the present Federal Law shall extend only to claims of bankruptcy creditors and authorised bodies which are related to monetary obligations.

Article 232. Regulation of Bankruptcy-Related Relations

1. The following shall be deemed no longer valid as of the date of entry into force of the present Federal Law:

   Federal Law (Garant 12007720) No. 6-FZ of January 8, 1998 on Insolvency (Bankruptcy) (Sobranie zakonodatelstva Rossiyskoy Federatsii, item 222, No. 2, 1998);

   Item 30 of Article 2 (Garant 12026136) of Federal Law No. 31-FZ of March 21, 2002 on Bringing Legislative Acts in Line with the Federal Law on the State Registration of Legal Persons (Sobranie zakonodatelstva Rossiyskoy Federatsii, item 1093, No. 12, 2002);

   Item 3 of Article 1 (Garant 12026648) of Federal Law No. 41-FZ of April 25, 2002 on Amending Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law on the Mandatory Insurance of Civil Liability of the Owners of Vehicles (Sobranie Zakonodatelstva Rossiyskoy Federatsii, item 1721, No. 18, 2002).

BEGIN COMMENTARY:

Federal Law (Garant 12038287) No. 220-FZ of December 31, 2004 amended Item 2 of Article 232 of this Federal Law

See the text of the Item in the previous wording (Garant 3900785)
END COMMENTARY

2. Federal Law (Garant 80608) No. 122-FZ of June 24, 1999 on the Peculiarities of Insolvency (Bankruptcy) of the Natural Monopoly Entities of the Fuel and Power Complex shall be deemed no longer valid as of July 1, 2009 (Sobranie Zakonodatelstva Rossiyskoy Federatsii, item 3179, No. 26, 1999).

3. Until the time when the laws and other regulatory legal acts effective on the territory of the Russian Federation as regulating the relations relating to bankruptcy are brought in line with the present Federal Law these laws and other regulatory legal acts shall be applicable to the extent they are consistent with the present Federal Law.

Article 233. Application of the Present Federal Law by Courts of Arbitration

1. The present Federal Law shall be applied by the courts of arbitration when they hear the bankruptcy cases in which proceedings are commenced after its entry into force.

2. As for the cases in which proceedings were commenced before the entry into force of the present Federal Law, and before the completion of the bankruptcy proceeding (external administration, winding-up/administration of bankrupt's estate or voluntary arrangement) instituted before the entry into force of the present Federal Law, they shall be subject to the norms of Federal Law (Garant 12007720) No. 6-FZ of January 8, 1998 on Insolvency (Bankruptcy) (Sobranie zakonodatelstva Rossiyskoy Federatsii, item 222, No. 2, 1998; item 1093, No. 12; item 1721, No. 18, 2002);

3. From the time of completion of bankruptcy proceedings instituted before the entry into force of the present Federal Law the provisions of the present Federal Law shall be applicable to the legal relations that have occurred since the completion of these bankruptcy proceedings. The bankruptcy proceedings envisaged by the present Federal Law (financial rehabilitation 85181.20013, external administration or voluntary arrangement) shall be instituted when the court of arbitration hears bankruptcy cases after the entry into force of the present Federal Law, irrespective of the date when these cases were accepted to commence proceedings on them. Further consideration of the bankruptcy case shall be carried out in compliance with the present Federal Law, except for the case of commencing winding-up/administration of the bankrupt's estate after the completion of bankruptcy proceedings instituted prior to the entry into force of the present Federal Law. In this case the winding-up/administration of the bankrupt's estate proceeding shall be subject to the norms of Federal Law (Garant 12007720) No. 6-FZ of January 8, 1998 on Insolvency (Bankruptcy) (Sobranie Zakonodatelstva Rossiyskoy Federatsii, item 222, No. 2, 1998; item 1093, No. 12; item 1721, No. 18, 2002);

4. Where courts of arbitration hear bankruptcy cases under Federal Law 12007720 FZ of January 8, 1998 on Insolvency (Bankruptcy) (Sobranie zakonodatelstva Rossiyskoy Federatsii, item 222, No. 2, 1998; item 1093, No. 12; item 1721, No. 18, 2002;) and Law (Garant 10000750) of the Russian Federation No. 3929-1 of November 19, 1992 on the Insolvency (Bankruptcy) of Enterprises (Vedomosti S'ezda Narodnykh Deputatov Rossiyskoy Federatsii i Verkhovnogo Soveta Rossiyskoy Federatsii, item 6, No. 1, 1993) the standards applicable to arbitration insolvency practitioner nominees shall comply with the provisions of Article 231 of the present Federal Law.

5. Where a court of arbitration hears a bankruptcy case under Federal Law (Garant 12007720) No. 6-FZ of January 8, 1998 on Insolvency (Bankruptcy) (Sobranie Zakonodatelstva Rossiyskoy Federatsii, item 222, No. 2, 1998; item 1093, No. 12; item 1721, No. 18, 2002;), the regulation body shall have the powers envisaged by Article 231 of the present Federal Law.

President of the Russian Federation V. Putin

Moscow, the Kremlin

RELATED REFERENCES: GARANT 185181