Chapter 1: GENERAL PROVISIONS

Section 1.1: Content of the Act

Article 1

(content of the Act)

This Act shall regulate:
1. the financial operations of legal entities,
2. insolvency proceedings against legal and natural persons, and
3. the compulsory dissolution proceedings of legal entities.

Article 2

(transposition and implementation of EU regulations)

(1) This Act serves to transpose into the law of the Republic of Slovenia:

Section 1.2: Definition of terms and abbreviations

Article 3

(purpose of definition of terms)

(1) In Section 1.2 of this Act the terms are defined which are used in this Act unless a certain term is intended to have a narrower purpose of definition.

(2) In Section 8.1 of this Act the terms used in Chapter 8 of this Act are defined.

Article 4

(abbreviations of other acts)
In this Act the following abbreviations of other Acts shall be used:

1. OZ shall be the Code of Obligations (Official Gazette of the Republic of Slovenia, No. 83/01, 32/04 – UROZ195, 28/06 – Constitutional Court Decision, 29/07 – Constitutional Court Decision and 40/07 – OZ-A (Act Amending the Obligations Code) (Zakon o spremembi in dopolnitvi Obligacijskega zakonika)),

2. ZD shall be the Inheritance Act (Official Gazette of the Socialist Republic of Slovenia, No. 15/76, 23/78, Official Gazette of the Republic of Slovenia, No. 17/91-I – ZUDE (Monetary Unit of the Republic of Slovenia Act) (Zakon o uporabi denarne enote Republike Slovenije), 13/94 – ZN, 40/94 – Constitutional Court Decision, 82/94 – ZN-B, 117/00 – Constitutional Court Decision, 67/01, 83/01 – OZ),

3. ZGD-1 shall be the Companies Act (Official Gazette of the Republic of Slovenia, No. 42/06, 60/06 – amendment 26/07 – ZSDU-B (Worker Participation in Management Act) ), 33/07 – ZSReg-B and 67/07 – ZTFI (Financial Instruments Market Act) (Predlog zakona o trgih finančnih instrumentov)),

4. ZIZ shall be the Execution of Judgments in Civil Matters and Insurance of Claims Act (Official Gazette of the Republic of Slovenia, No. 3/07 – official consolidated text and 67/07 – ZS-G (The Act amending the Courts Act) (Zakon o spremembah in dopolnitvah zakona o sodiščih)),

5. ZNVP shall be the Dematerialised Securities Act (Official Gazette of the Republic of Slovenia, No. 2/07 – official consolidated text and 67/07 – ZTFI),

6. ZPlaP shall be the Payment Transactions Act (Official Gazette of the Republic of Slovenia, No. 110/06 – official consolidated text, 131/06 – ZBan-1 (Banking Act) (Zakon o bančništvu) and 102/07),

7. ZSReg shall be the Act Amending the Court Register Act (Official Gazette of the Republic of Slovenia, No. 54/07 – official consolidated text),

8. ZZK-1 shall be the Land Registry Act (Official Gazette of the Republic of Slovenia, No. 58/03).

Article 5

(insolvency proceedings)

1. compulsory settlement proceedings, and
2. bankruptcy proceedings.

(2) Bankruptcy proceedings shall be:

1. bankruptcy proceedings against a legal entity,
2. personal bankruptcy proceedings, and
3. legacy bankruptcy proceedings.

Article 6

(compulsory dissolution proceedings)
Compulsory dissolution proceedings shall be:
1. cancellation from the court register without liquidation, and
2. compulsory liquidation.

**Article 7**

*(legal entity, sole proprietor, private person and consumer)*

(1) A company shall be a legal entity organised in one of the forms referred to in the third paragraph of Article 3 of ZGD-1.

(2) A sole trader shall be a natural person referred to in the sixth paragraph of Article 3 of ZGD-1.

(3) An institute or a public institute shall be an institute or a public institute pursuant to the act governing institutes.

(4) A cooperative shall be a cooperative pursuant to the act governing cooperatives.

(5) A society shall be a society pursuant to the act governing societies.

(6) A public fund shall be a public fund pursuant to the act governing public funds.

(7) A private person shall be a doctor, notary, attorney at law, farmer, or other natural person who is not a sole proprietor and who performs a certain activity as his occupation.

(8) A consumer shall be a natural person who is neither a sole proprietor nor a private person.

**Article 8**

*(management, supervisory body and representatives of a legal entity)*

(1) The management:
1. its meaning for the company is defined in Article 10 of ZGD-1,
2. for an institute, it is a director or any other management body of an institute;
3. for a cooperative, it is the managing board or president of a cooperative,
4. for a public fund, it is the management,
5. for other legal entities, it is a body which is competent and responsible for the management of their operations under the act or the rules for such entities.

(2) The supervisory body shall be:
1. for a public limited company with a two-tier management system or a public fund, a supervisory board,
2. for a public limited company with a one-tier management system, a board of directors,
3. for a limited liability company, a supervisory board if the company has one,
4. for an institute a council, or other collegiate managing body of an institute,
5. for a cooperative, a supervisory board if the cooperative has one,
6. for other legal entities, a body which is under the act or the rules of such legal entities competent and responsible for the supervision of management of their operations.

(3) A representative of a legal entity shall be a person performing a function in the legal entity which, pursuant to the law or rules of such legal entity, gives him the authorisation to represent the legal entity.

(4) A member of the management or supervisory body shall be a person appointed to perform the function of the management or supervisory body.

Article 9

(shareholder, rules of a legal entity and shareholding)

(1) A shareholder shall be:
1. a member of an unlimited company, limited partnership or a private limited company,
2. a shareholder of a public limited company or a partnership limited by shares,
3. a founder or a member of another legal entity.

(2) The rules of a legal entity shall be as follows:
1. for an unlimited company, limited partnership, or a private limited company: shareholders’ agreement,
2. for a public limited company or a partnership limited by shares: a memorandum and articles of association,
3. for another legal entity: a memorandum of association or other legal action which provides for the settlement of mutual legal relations of its members pursuant to the law.

(3) A shareholding of a shareholder shall be a share in proportion to which the shareholder shall be, under the act or rules of the legal entity, entitled to accept payment from the assets of the legal entity, after all claims of the creditors of this legal entity are repaid.
(4) A personally liable shareholder shall be a shareholder of a partnership or other legal entity who is personally liable for the liabilities of such a legal entity under the act or its rules.

**Article 10**

*(assets, liabilities and capital)*

(1) The assets of an individual person shall be:
1. items in the property of such a person,
2. claims of the person, and
3. other property rights of the person.

(2) The liabilities of a person shall be all obligation and other monetary and non-monetary liabilities of the person towards its creditors.

(3) The net asset value of a person shall be the difference between the value of the person’s assets and the amount of its liabilities.

(4) Capital shall mean:
1. for a company and sole proprietor: the capital in the sense of accountancy and shall include all elements of the capital shown in the balance sheet under Article 65 of ZGD-1,
2. for other legal entities: the net value of the assets of such legal entities.

**Article 11**

*(liquidity and solvency; capital adequacy; long-term sources of financing)*

(1) Liquidity shall be the capacity of a legal or natural person to, within a given period of time, settle all liabilities falling due within such a period of time.

(2) Solvency shall be the permanent capacity of a legal or natural person to satisfy all liabilities when they fall due.

(3) A legal entity or a sole proprietor shall be solvent if it possesses an adequate volume of long-term sources of financing with respect to the volume and types of operation undertaken in carrying out his activity and with respect to the risks to which he is exposed in carrying out such operations (hereinafter referred to as: capital adequacy).

(4) Long-term sources of financing of a legal entity or a sole proprietor shall be the following:
1. capital, as his own source of financing, and
2. such liabilities of the legal entity or the sole proprietor as a long-term source of financing of a third person which by their properties and purpose comply with the rules of the corporate finance profession, appropriate to cover liabilities deriving from operations, and losses due to risks to which the legal entity or the sole proprietor is exposed in his operations.

**Article 12**

*(rules of corporate finance and corporate governance profession)*

(1) The rules of the corporate finance profession shall be as follows:
1. the principles and standards of financial operations, adopted by the Slovenian Institute of Auditors pursuant to the act governing auditing, and
2. other empirical rules on carrying out financial operations with due care which are generally used in the corporate finance profession.

(2) The rules of the corporate governance profession shall be empirical rules for carrying out corporate governance with due care which are generally used in the field of corporate governance.

**Article 13**

*(financial operation)*

Financial operation shall mean the provision of funds, management of funds and their sources, as well as allocation of sources of funds in order to create conditions for the carrying out of economic activity or other operations.

**Article 14**

*(insolvency)*

(1) Insolvency shall be the situation where the debtor:
1. within a longer period of time is not able to settle all his liabilities falling due within such a period of time (hereinafter referred to as: continuous insolvency), or
2. becomes insolvent.

(2) Unless it is proven otherwise, a debtor shall be considered continuously insolvent:
1. for a debtor who is a legal entity, sole proprietor or a private person: if he is delayed for more than two months in meeting one or more liabilities in a total amount exceeding 20 per cent of the amount of his liabilities shown in the annual report for the last business year before such liabilities became due,
2. for a debtor who is a consumer:
   – if he is delayed for more than two months in meeting one or more liabilities in the total amount exceeding the amount of three times the amount of his salary, compensation or other remunerations received in a regular manner in periods not longer than two months, or
– if he is unemployed and does not receive any other regular remunerations and is
delayed in meeting his liabilities for more than two months, in an amount exceeding
EUR 1 000.

(3) Unless it is proven otherwise, a debtor shall be considered insolvent:
1. if the value of his assets is smaller than the sum of his liabilities (hereinafter
referred to as: overindebtedness),
2. for a debtor who is a company: also if the loss for the current year together with the
losses brought forward amounts to one half of the share capital, and such loss cannot
be deducted from profit brought forward or from reserves.

Article 15

(financial restructuring)
Financial restructuring shall be a set of measures undertaken in order to make the
debtor liquid and solvent (hereinafter referred to as: financial restructuring measure),
and may include:
1. decrease or suspension of maturity of the debtor’s liabilities,
2. for a company: increase in the share capital with new in-kind contributions, the
subject of which are claims by creditors against the debtor, or with new cash
contributions, and
3. other measures, the implementation of which pursuant to the rules of the corporate
finance profession provides for the elimination of the causes for the debtor’s
insolvency, and ensures his liquidity and solvency.

Article 16

(insolvent debtor)
An insolvent debtor shall be a legal or natural person against whom insolvency
proceedings shall be initiated pursuant to this Act.

Article 17

(identification data on debtor and creditor)
(1) The identification data on a debtor who is a legal entity shall be the following:
1. company name or name, registered office and business address,
2. registration number of entry in the court or business register.

(2) Identification data on a debtor who is a sole proprietor or a private person shall be
the following:
1. personal name,
2. data entered in the business register:
   – company name, registered office, and business address,
(3) Identification data on the debtor who is a consumer shall be the following:
1. personal name,
2. address of permanent residence,
3. date of birth, and
4. personal identification number if the debtor is entered in the central population register, or tax number in other cases, if the debtor is entered in the tax register.

(4) If the law provides for the application of the creditor to contain identification data on the debtor, the data referred to in point 4 of the third paragraph of this Article shall not be necessary for a debtor who is a natural person, since such data shall be obtained ex officio by the court from the central population register or the tax register.

(5) Identification data on the legator shall, mutatis mutandis, be subject to the third and the fourth paragraphs of this Article in legacy bankruptcy proceedings.

(6) Identification data on the creditor shall, mutatis mutandis, be subject to the first paragraph, points 1 and 2 of the second paragraph, and points 1 and 2 of the third paragraph of this Article.

**Article 18**

*(closely related person)*

A closely related person of an individual person shall be:
1. the person’s spouse, or a person with whom the person lives in a community which, subject to the law, has the same property consequences as marriage, or a person with whom the person lives in a same-sex partnership community pursuant to the act governing the registration of a same-sex partnership community,
2. a child or an adopted child of such a person or a person referred to in point 1 of this Article, lacking full legal capacity,
3. other persons lacking full legal capacity who are under such a person's guardianship.

**Article 19**

*(right to separate settlement; creditor with the right to separate settlement)*

(1) A right to a separate settlement shall be the right of a creditor to be paid his claims from certain assets of the insolvent debtor before the claims of other creditors of such debtor are paid from such assets.
(2) A creditor with the right to separate settlement shall be a creditor who, in insolvency proceedings, exercises a claim secured by the right to separate settlement.

**Article 20**

*(non-monetary, secured and unsecured claims)*

(1) A claim shall be a right of the creditor to demand from the debtor to perform his exercise performance, the subject of which is a duty, service, omission or admission.

(2) A non-monetary claim shall be a claim of a creditor to request from the debtor to perform a non-cash duty or exercise of a service.

(3) A secured claim shall be a claim of a creditor secured by the right to separate settlement.

(4) An unsecured claim shall be a claim of a creditor not secured by the right to separate settlement.

(5) Also a part of the amount of the claim of the creditor with the right to separate settlement shall be treated as an unsecured claim which represents the amount of the claim exceeding the value of assets which are the subject of the right to separate settlement.

**Article 21**

*(priority, subordinated and ordinary claims)*

(1) Priority claims shall be the following unsecured claims:
   1. salaries and wage compensations for the last three months prior to initiation of insolvency proceedings,
   2. compensations for accidents related to work for the debtor, and occupational diseases,
   3. unpaid compensations for termination of working relationship prior to initiation of bankruptcy proceedings to which the employees are entitled pursuant to the act governing working relationships; however, their amount shall not exceed the amount of compensation fixed for an employee who has his employment contract terminated by the employer due to redundancy,
   4. salaries and wage compensations for employees whose work is no longer necessary due to the initiation of bankruptcy proceedings for the period from the initiation of bankruptcy proceedings until the expiration of the notice period,
   5. compensations to employees who had their employment contract terminated by the administrator, since their work became unnecessary due to the initiation of bankruptcy proceedings or during the proceedings,
6. taxes and duties which the payer shall charge or pay at the same time as the payments referred to in points 1, 3, 4 and 5 of this paragraph.

(2) Priority claims in bankruptcy proceedings shall be also unsecured claims for the payment of taxes and duties which the debtor has to charge and pay pursuant to regulations, and which occurred in the last year prior to the initiation of bankruptcy proceedings.

(3) Subordinated claims shall be unsecured claims which are paid, based on the legal relationship between the debtor and creditor, if the debtor becomes insolvent, after the other unsecured claims towards the creditor are paid.

(4) Ordinary claims shall be unsecured claims which are neither priority nor subordinated claims.

Article 22

(exclusion right, creditor with exclusion right)

(1) An exclusion right shall be:
1. the right of the owner of movable property to request from the insolvent debtor to deliver to the owner the movable property owned by the insolvent debtor,
2. the right of a person who acquired by prescription, or in any other original way the ownership to immovable property owned by the insolvent debtor, to request from the insolvent debtor to recognise the person's title to the immovable property, and
3. the right of the person for the account of whom the insolvent debtor as a trustee, on the basis of the transfer of the ownership as security or other mandatory legal relationship, realises the title to a thing, or rights of a legal holder of other assets, to request from the insolvent debtor to execute the legal transaction of disposal and other legal actions necessary for transfer of such right in favour of such a person.

(2) A creditor with exclusion right shall be a creditor exercising in insolvency proceedings an exclusion right against the insolvent debtor.

Article 23

(key and prescribed interest rate)

(1) A key interest rate shall be an interest rate used in respect of an individual six-month period by the European Central Bank for the main refinancing proceedings performed before the first calendar day of such six-month period.

(2) A prescribed interest rate shall be an interest rate of default interest as stipulated by the law.
Article 24
(bilateral contract and mutually unfulfilled bilateral contract)

(1) A bilateral contract shall be a contract whereby each party to the contract as a debtor is liable to perform his exercise conduct, and is at the same time as a creditor entitled to request from the other party to perform his counter-exercise conduct.

(2) A mutually unfulfilled bilateral contract shall be a bilateral contract:
1. which has been concluded prior to the initiation of insolvency proceedings, and
2. whereby, until insolvency proceedings are initiated:
   – neither the insolvent debtor nor the opposite party to the contract have satisfied their liability regarding the exercise conduct on the basis of this contract, or
   – neither has satisfied such obligations in whole.

Article 25
(certified evaluator)

(1) A certified business evaluator shall be a natural person who has obtained a licence to carry out the tasks of a certified business evaluator pursuant to the act governing auditing.

(2) A certified evaluator of machines and equipment or immovable property shall be:
1. a natural person who has obtained a licence to carry out the tasks of a certified evaluator of machines and equipment or immovable property pursuant to the act governing auditing, or
2. a natural person who has been appointed as a court valuer for the evaluation of machines and equipment or immovable property pursuant to the act governing courts.

Article 26
(agency)

An agency shall be the Agency of the Republic of Slovenia for public and legal records and services.

Chapter 2: FINANCIAL OPERATION OF COMPANIES AND OTHER LEGAL ENTITIES

Section 2.1: Basic rules of financial operation

Article 27
(application of Chapter 2)
(1) The Chapter 2 of this Act shall apply for companies, and shall apply *mutatis mutandis* also for a sole proprietor, institute, public institute, cooperative, or public fund.

(2) Notwithstanding the first paragraph of this Article Chapter 2 of this Act shall not apply for banks, insurance undertakings, brokerage companies, and management companies.

(3) For a public limited company with a one-tier management system, the rules concerning supervisory board, provided for in Chapter 2 of this Act shall apply *mutatis mutandis* for its board of directors and its members.

(4) The rules relating to the general meeting and the execution of increasing a company's share capital, provided for in Chapter 2 of this Act and other provisions of this Act, which make reference to the provisions of Chapter 2 of this Act shall apply *mutatis mutandis* for:

1. a cooperative: its general assembly, and the execution of the increase of the amount or number of compulsory shareholdings,
2. another legal entity: its body which is competent to decide on the payment of new or additional shareholdings, and for the execution of such payments.

(5) Notwithstanding the first paragraph of this Article, for a sole proprietor or legal entity:

1. which has no supervisory body: the rules relating to supervisory boards shall not apply,
2. against whom the initiation of a compulsory settlement shall not be allowed: rules on the compulsory settlement shall not apply.

(6) Chapter 2 of this Act shall apply *mutatis mutandis*, and by taking due account of the regulation in the act governing the implementation of budgets, also for the financial operation of budget users.

(7) The minister responsible for finance shall prescribe more detailed rules on the financial operations of budget users.

**Article 28**

*(basic obligations of management)*

(1) The management shall ensure that the company’s operation complies with this Act and with the rules of the corporate finance profession.

(2) When managing a company’s operations, the management shall act with the professional due diligence of the corporate finance profession, thus endeavouring to ensure that the company is at all times liquid and solvent.
(3) Members of the management shall be jointly and severally liable for any damages arising as a result of violations of their obligations provided for in Chapter 2 of this Act.

(4) Members of the management shall be free from liability referred to in the third paragraph of this Article if they can prove that in meeting their obligations, they were acting with the professional due diligence of the corporate finance and corporate governance profession.

Article 29
(basic obligations of supervisory board members)

(1) When exercising its competencies and responsibilities in performing the supervision of the management of a company’s operations, the supervisory board shall regularly check:
1. the liquidity and solvency of the company, and
2. whether the management is acting in compliance with the rules laid down in Chapter 2 of this Act.

(2) Members of the supervisory board shall be jointly and severally liable to the company for any damages arising to the company as a result of violations of their obligations provided for in Chapter 2 of this Act.

(3) Members of the supervisory board shall be free from the liability referred to in the second paragraph of this Article if they can prove that, in meeting their obligations, they were acting with the professional due diligence of the corporate finance and corporate governance profession.

Article 30
(risk management)

(1) The risk management shall include the determination, measurement or assessment, management and monitoring of risks, including reporting on the risks to which the company is or could be exposed in its operations.

(2) The management shall ensure that the company provides for the regular implementation of the measures of risk management referred to in Articles 31 and 32 of this Act, and other measures of risk management which are, under the rules of the corporate finance profession, necessary and appropriate as regards the types and extent of operations carried out by the company.
(3) When meeting the obligations referred to in the second paragraph of this Article, the management shall take into account all the risks to which the company is or could be exposed in its operations, and which include first of all credit, market, operational and liquidity risks.

(4) Credit risk shall be the risk of a loss due to the non-fulfilment of a debtor's liabilities towards the company.

(5) Market risk shall be the risk of a loss owing to changes in prices of goods, foreign-exchange rates or financial instruments, or changes in interest rates.

(6) Operational risk shall be the risk of a loss, together with the legal risk, due to:
1. inadequacy or improper performance of internal procedures,
2. other improper actions of people who belong to the internal business line of the company,
3. inadequacy or improper operation of the systems which belong to the internal business line of the company, or
4. external events or acts.

(7) Liquidity risk shall be the risk of a loss due to the non-liquidity.

**Article 31**

*(management of liquidity risks)*

1) A company shall manage its sources and investments in such a manner that it is at any time able to meet its obligations as they fall due.

(2) To manage the liquidity risk, the company shall formulate and carry out a policy of regular management of liquidity, which shall be confirmed by the management and shall include:
1. planning of the expected known and eventual cash outflows and sufficient cash inflows to cover these, considering a normal course of operation and eventual situations of liquidity crises;
2. regular monitoring and management of liquidity,
3. determination of appropriate measures for preventing or eliminating the causes of non-liquidity, and specifying other possibilities thereof.

**Article 32**

*(monitoring and ensuring capital adequacy)*

(1) The company shall ensure that it always has available enough long-term sources of financing, with respect to the extent and types of operation it executes, and risks to which it is exposed in the execution of these operations.
(2) The management shall provide for the regular monitoring and checking of whether the company has attained capital adequacy.

Section 2.2: Obligations of the company, its management and supervisory board in the event of insolvency

Subsection 2.2.1: General rules on obligations

Article 33
(application of Section 2.2)

When applying the rules referred to in Section 2.2 of this Act relating to the obligations of the company and the management it is considered, and evidence to the contrary shall not be allowed, that the company becomes insolvent at the moment when such a situation of the company could have been established by the management if members of the management acted with the professional due diligence of the corporate finance and corporate governance profession.

Article 34
(duty of equal treatment of creditors)

(1) On the occurrence of insolvency, the company shall make no payments nor shall it assume any new obligations, with the exception of those which are essential for the continuing operation of the company.

(2) Payments deemed essential for the continuing operation of the company shall be in particular:
1. claims of creditors against the company which are priority claims in insolvency proceedings under the first paragraph of Article 21 of this Act,
2. the running costs of a business (electricity, water rates, etc.),
3. a continuous supply of goods or services necessary for the continuing operation of the company,
4. value added tax, excise duties and other taxes and contributions which the debtor is liable to pay pursuant to regulations.

(3) After the company becomes insolvent, the management or other bodies of the company shall not execute any action which would contribute to the unequal treatment of creditors who are in an equal position towards the company.

(4) An act deemed banned under the third paragraph of this Article shall be in particular:
1. the transfer of operations or financial transactions to another legal or natural person,
2. legal actions which would be challengeable in the case of bankruptcy proceedings under Article 271 of this Act.

(5) Bans referred to in the first and third paragraphs of this Article shall remain in force until:
1. if the management has to present a petition in bankruptcy under the first paragraph of Article 38 of this Act: until the proceedings are initiated,
2. if the management has to present a petition for instituting compulsory settlement proceedings under the first paragraph of Article 39 of this Act: until such proceedings are initiated, or
3. if financial restructuring is carried out outside compulsory settlement proceedings: until all measures of financial restructuring are implemented, and all due liabilities of the company towards its creditors are satisfied.

(6) If the financial restructuring is implemented outside compulsory settlement proceedings, the company may, in addition to the acts referred to in the first paragraph of this Article, also perform legal transactions provided for in the report of the management concerning the financial restructuring measures referred to in Article 35 of this Act.

**Article 35**

**(report on the measures of financial restructuring)**

(1) When a company becomes insolvent, the management shall within one month following the occurrence of insolvency present to the supervisory board a report on financial restructuring measures.

(2) The report on financial restructuring measures shall contain:
1. a description of the financial situation of the company,
2. an analysis of the causes of insolvency, and
3. the opinion of the management as to whether there is the probability of a minimum of 50 per cent for the successful execution of financial restructuring, the result of which would be regained liquidity and solvency of the company.

(3) In the case of an affirmative opinion from the management referred to in point 3 of the second paragraph of this Article, the report on financial restructuring measures shall contain also:
1. an analysis of financial restructuring measures necessary for the elimination of the causes of the company’s insolvency, and an assurance that the company shall again become liquid and solvent,
2. the description of financial restructuring measures which will be implemented by the management within the limits of its competencies (e.g. the calling up of unpaid shares of share capital, the increase in share capital from new contributions on the
basis of approved capital, sale of unnecessary assets), and the periods for their execution,
3. if according to the assessment of the management, the causes of insolvency may not be wholly eliminated by the measures referred to in point 2 of this paragraph, also: the description of financial restructuring measures which are decided by the general meeting (e.g. regular increase in the share capital from new contributions), and time limits for their elimination,
4. the opinion of the management as to the probability of a minimum of 50 per cent existing for the successful execution of compulsory settlement:
   – if the general meeting does not adopt the measures referred to in point 3 of this paragraph, or
   – if the implementation of the increase in share capital referred to in point 2 or 3 of this paragraph is not successful (e.g. because new shares based on the increase in the share capital are not paid).

(4) In the case of an affirmative opinion of the management referred to in point 4 of the third paragraph of this Article, the report on financial restructuring measures shall contain also a description of the proposal for a compulsory settlement, with the content referred to in Articles 143 or 144 of this Act which would be, according to the assessment of the management, acceptable to creditors and would ensure that the company would again become liquid and solvent.

(5) The supervisory board shall give the opinion on the report concerning financial restructuring measures within five working days following the acceptance of such report.

(6) The opinion referred to in the fifth paragraph of this Article shall include an assessment by the supervisory board as to:
1. whether the company is insolvent, and
2. the necessity and adequacy of the measures referred to in points 2 and 3 of the third paragraph of this Article.

**Article 36**

*(convening a general meeting)*

(1) The rules laid down in this Article shall apply if pursuant to the report on financial restructuring measures, an increase in the share capital of the company with new cash contributions is executed, which shall be decided by the general meeting.

(2) Notwithstanding the first paragraph of Article 297 of ZGD-1, the general meeting which is to decide on the increase in share capital referred to in the first paragraph of this Article, shall be convened at least fifteen days prior to the general meeting.
(3) The management shall make public the convening of the general meeting for the purpose of deciding on an increase in the share capital referred to in the first paragraph of this Article no later than within three working days after the expiry of the time limit referred to in the fifth paragraph of Article 35 of this Act, for a day which shall be no later than one month after the expiry of such a time limit.

(4) The second and the third paragraphs of this Article shall apply *mutatis mutandis* also when, in addition to the increase in share capital referred to in the first paragraph of this Article, a simplified reduction in subscribed capital is carried out in order to cover losses that have not been offset.

(5) If, pursuant to the report on financial restructuring measures the company fails to comply with capital adequacy requirements, however the situation of overborrowing or continuous insolvency has not yet occurred, each shareholder or member of the supervisory board may counter-propose the proposal for a resolution referred to in the first paragraph of this Article in order to adopt a resolution on the dissolution of the company and initiation of bankruptcy proceedings referred to in the first paragraph of Article 403 of ZGD-1.

**Article 37**

*(subscribing and paying up of new shares)*

(1) The rules laid down in this Article shall apply when an increase in the share capital of the company from new cash contributions should be carried out pursuant to the report on financial restructuring measures.

(2) The management shall publish a call for subscription to and paying up of shares on the basis of an increase in the share capital through contributions within three working days.

(3) The time limit referred to in the second paragraph of this Article shall commence:
   1. for an increase on the basis of authorised capital: as of the expiration of the time limit referred to in the first paragraph of Article 35 of this Act,
   2. for an increase on the basis of a resolution by a general meeting referred to in the first paragraph of Article 36 of this Act: from the end of the general meeting where such a resolution has been adopted.

(4) When the priority right to subscription of new shares is not excluded, the time limit in which such a right should be exercised shall be eight days, irrespective of the second sentence of the first paragraph of Article 337 of ZGD-1.
(5) The time limit for subscription and paying up of shares shall not be longer than fifteen days following the publication of the call for subscriptions and paying up of shares.

**Article 38**

*(obligation of the management to present a petition in bankruptcy)*

(1) The management shall within three working days present a complete petition in bankruptcy:

1. if the opinion of the management referred to in point 3 of the second paragraph of Article 35 of this Act is adverse, or
2. if the opinion of the management referred to in point 4 of the third paragraph of Article 35 of this Act is adverse, and if
   – the general meeting does not adopt a resolution as referred to in the first paragraph of Article 36 of this Act, or
   – not all those shares are subscribed and paid up within the determined time limit which are the subject of the increase in share capital referred to in the first paragraph of Article 37 of this Act.

(2) The time limit referred to in the first paragraph of this Article shall commence:

1. in the case referred to in point 1 of the first paragraph of this Article: as of the expiry of the time limit referred to in the first paragraph of Article 35 of this Act,
2. in the case referred to in the first indent of point 2 of the first paragraph of this Article: from the conclusion of the general meeting which decided on the increase in share capital,
3. in the case referred to in the second indent of point 2 of the first paragraph of this Article: as of the expiry of the time limit referred to in the fifth paragraph of Article 37 of this Act.

**Subsection 2.2.2: Special rules on obligations in the event of compulsory settlement**

**Article 39**

*(obligations of management in relation to compulsory settlement proceedings)*

(1) In the case of an affirmative opinion of the management referred to in point 4 of the third paragraph of Article 35 of this Act, and if the general meeting does not adopt a resolution referred to in the first paragraph of Article 36 of this Act, or if not all those shares are subscribed and paid up within the determined time limit which are the subject of an increase in share capital as referred to in the first paragraph of Article 37 of this Act, the management shall file a complete petition for a compulsory settlement within three months after the occurrence of insolvency.
(2) The management shall ensure that during compulsory settlement proceedings, the company acts in accordance with orders, and that it does not breach the regulations provided for in Chapter 4 of this Act.

**Article 40**

**(obligations of the management after confirmation of compulsory settlement)**

(1) The rules provided for in this Article shall apply when a compulsory settlement has been made final by the court, and until the debtor pays the claims of all creditors which are affected by the compulsory settlement, to the share and with interest as determined in the confirmed compulsory settlement.

(2) The management shall ensure that all financial restructuring measures are carried which are outlined in the financial restructuring plan, on the basis of which creditors have decided to conclude a compulsory settlement, within the time limits determined in this plan for the implementation of such measures.

(3) After the compulsory settlement is confirmed, the management or other bodies of the company shall not execute any act which would contribute to the unequal treatment of creditors who are in equal position towards the company.

(4) Acts deemed banned under the third paragraph of this Article shall be in particular:

1. the transfer of business or financial transactions to another legal or natural person, except when the financial restructuring plan provides for the company to transfer a part of the business to another legal entity which is in the position of a person depending on the company,
2. the payment of claims of individual creditors amounting to a portion which is larger than the portion of payment determined by the confirmed compulsory settlement, or any such payment being made before the date when the claim falls due for payment according to the confirmed compulsory settlement.

(5) The management shall draw up a report on implementing financial restructuring measures for each calendar three-month period which shall contain the following in respect of the relevant period:

1. a description of financial restructuring measures which have been carried out, and their effects on the debtor’s liquidity and solvency,
2. the total of payments of claims of creditors which are affected by the compulsory settlement, and the portion of paid claims,
3. a three-month balance sheet, income statement and cash flow statement,
4. a statement by the management that the debtor has not acted in any way to contribute to the unequal treatment of creditors who are in equal position towards the company.
(6) Notwithstanding the fifth paragraph of this Article the first report shall be drawn up by the management for the period from the end of the period of the last regular report which has been submitted during compulsory settlement proceedings under Article 168 of this Act by the last day of a calendar three-month period when the resolution on confirmation of compulsory settlement has become final.

(7) The management shall submit the report referred to in the fifth paragraph of this Article to the court which decided on the confirmation of compulsory settlement, within forty-five days following the expiry of the relevant period.

(8) The court shall publish the report referred to in the fifth paragraph of this Article under Article 122 of this Act within three working days following receipt.

(9) If the debtor does not submit to the court the report drawn up in accordance with the fifth paragraph of this Article within the time limit referred to in the seventh paragraph of this Article, the debtor shall be deemed to be insolvent.

(10) The debtor may challenge the presumption referred to in the ninth paragraph of this Article only if presenting, together with an objection to the creditor’s petition in bankruptcy, a report drawn up in accordance with the fifth paragraph of this Article in respect of all three-month periods to which the non-fulfilment of such obligation refers.

(11) If the creditor presents a petition in bankruptcy on the basis of the presumption referred to in the ninth paragraph of this Article, and the debtor, when entering the objection, fails to comply with the tenth paragraph of this Article, the court shall reject such an appeal as inadmissible.

Article 41

(accounting treatment of the effects of confirmed compulsory settlement)

(1) In the income statement of the company incomes shall not be recognised due to the termination of liabilities of the company on the basis:
   1. of the termination of claims which the creditors have transferred to the company in the procedure of a change in share capital which is made in order to carry out financial restructuring pursuant to Subdivision 4.4.4 of this Act, or
   2. of a decrease of claims in accordance with the confirmed compulsory settlement.

(2) The company shall cover losses, brought forward, to the debit of the amount of its liabilities referred to in the first paragraph of this Article, and create capital reserves for an eventual difference from the total amount of such liabilities.
(3) A company which created capital reserves under the second paragraph of this Article shall not carry out an ordinary reduction of the share capital earlier than ten years of the resolution on the confirmation of compulsory settlement having become final, and also not before the expiry of the time limit determined for meeting all liabilities after a confirmed compulsory settlement.

(4) The first to the third paragraphs of this Article shall apply *mutatis mutandis* also when the company carries out financial restructuring outside the compulsory settlement, based on the report on financial restructuring measures referred to in Article 35 of this Act, so as to conclude an out-of-court settlement with all creditors which results in the decrease of its liabilities due to the partial relief of the debt agreed by the creditors through such settlement.

**Subsection 2.2.3: Liability for damages of the members of management and supervisory board of the company towards creditors**

**Article 42**

*(liability for damages of members of management)*

(1) The management shall be liable to creditors for any damages incurred to the creditors due to their failure to achieve a full payment during bankruptcy proceedings if the company has been adjudicated bankrupt and if the management prior to the initiation of bankruptcy proceedings:

1. has not performed acts in time referred to in Articles 35 to 39 of this Act, or
2. has acted in conflict with the bans referred to in Article 34 of this Act.

(2) If the management does not prove otherwise, the creditor shall be deemed to have sustained a damage due to an omission or acts of the management referred to in the first paragraph of this Article, which amounts to the difference between the total amount of his claim and the amount up to which such claim has been settled in settlement proceedings.

(3) If the management consists of two or more members, all members shall be jointly and severally liable to creditors for damages under the first paragraph of this Article.

(4) Members of the management shall be wholly or partially relieved of their liability for the damages referred to in the first paragraph of this Article if they can prove that the whole or a part of the damages were caused by events or the actions of other persons whose prevention, avoidance or limitation of their adverse consequences was beyond the management's capacity, despite their having acted with the professional due diligence of the corporate finance and corporate governance profession.
(5) Individual members of the management shall be relieved of their liability for the damages referred to in the first paragraph of this Article if they can prove one of the following reasons of acquittal:

1. that they could not have carried out acts, laid down in Articles 35 to 39 of this Act, individually and:
   – they made a proposal at the management meeting for such actions to be carried out, but were opposed by other members of the management, or
   – the member of the management who had the responsibility in the internal relation between the members of the management for the financial operations of the company failed to establish adequate expert grounds in time,
   or

2. they have not been aware of the bans referred to in Article 34 of this Act, or were not able to prevent them, despite their having acted with the professional due diligence of the corporate finance and corporate governance profession.

Article 43

(liability for damages of members of the supervisory board)

(1) Members of the supervisory board shall be jointly and severally liable to creditors for any damages incurred by them due to their failure to achieve a full settlement in bankruptcy proceedings if the company has been adjudicated bankrupt and subject to the fulfilment of one of the following conditions:

1. if in the two years preceding the institution of bankruptcy proceedings the management has proposed to the general meeting, on the basis of the report on financial restructuring measures, to adopt a resolution on an increase in share capital by contributions and:
   – the supervisory board has given its opinion as referred to in the fifth paragraph of Article 35 of this Act concerning the report on financial restructuring measures which provided the judgement of the supervisory board that the company is not insolvent and that increase in share capital is not necessary, and
   – the general meeting has refused to adopt a resolution on increasing share capital,

2. if they have not requested reports from the management under the second and fourth paragraphs of Article 272 of ZGD-1, although they should have requested them according to the rules of the corporate finance and corporate governance profession,

3. if they could establish on the basis of the annual report or other reports by the management, if acting with the professional due diligence of the corporate finance and corporate governance profession, that the company had become insolvent, but they did not apply any measures within their competence to ensure that the management took action in time referred to in Articles 35 to 39 of this Act, or prevented actions contrary to the bans referred to in Article 34 of this Act.
(2) Causal links between the actions or omissions of members of the supervisory board and damages shall, *mutatis mutandis*, be subject to the second paragraph of Article 42 of this Act.

(3) Exemption from the obligations of members of the supervisory board shall, *mutatis mutandis*, be subject to the fourth and fifth paragraphs of Article 42 of this Act.

**Article 44**

*(limitation, exclusion and enforcement of liability for damages)*

(1) Individual members of the management or supervisory board shall be liable to creditors for damages referred to in the first paragraph of Article 42 or first paragraph of Article 43 of this Act, up to twice the total amount of all their remunerations for performing the function of the members of the management or supervisory board in the year, in which an act has been carried out or omitted as referred to in the first paragraph of Article 42 or first paragraph of Article 43 of this Act; however, for the members of the management not less than:

1. for a large company, EUR 150 000,
2. for a medium-sized company, EUR 50 000, and
3. for a small-sized company or other legal entity, EUR 20 000.

(2) The limitation of liability for damages under the first paragraph of this Article shall not apply if the act has been carried out or omitted intentionally or by gross negligence.

(3) Liability for damages pursuant to Articles 42 or 43 of this Act shall not be excluded or limited if this would frustrate the first and the second paragraphs of this Article.

(4) Regulation of the liability for damages in Subsection 2.2.3 of this Act shall not exclude the liability for damages of members of the management and supervisory board under other acts.

(5) Claims for damages under Articles 42 and 43 of this Act:

1. shall be enforced for the account of all creditors who have the right for payment of their claims in bankruptcy proceedings against the company, so that the responsible person pays compensation to the company as the debtor in bankruptcy.
2. shall be entitled to be enforced by:
   – a bankruptcy administrator on behalf of the company as the debtor in bankruptcy, and
– each creditor who is, pursuant to this Act, entitled to carry out procedural acts in bankruptcy proceedings against the company, on his behalf and for the account of the company as the debtor in bankruptcy.

(6) If a member of the management or supervisory board is liable for damages under Articles 42 or 43 of this Act, payment of the liabilities on the basis of such responsibility shall give him the right to claim compensation in bankruptcy proceedings against the company for the amounts paid (hereinafter referred to as: claim of recourse).

(7) A member of the management or supervisory board who is the subject of a complaint for enforcement of the liability for damages under Articles 42 or 43 of this Act shall within one month following the date of delivery of such complaint declare in bankruptcy proceedings as his conditional claim the claim of recourse referred to in the sixth paragraph of this Article; otherwise, such claim of recourse in relation to the company as the debtor in bankruptcy terminates.

(8) The claim of recourse referred to in the sixth paragraph of this Article shall be settled upon distribution of the bankruptcy estate as a subordinated claim of the second order from the distribution estate remaining after all priority, ordinary and any eventual subordinated claims referred to in the third paragraph of Article 21 of this Act are settled.

3. Chapter 3 JOINT RULES ON INSOLVENCY PROCEEDINGS

   Section 3.1: Basic rules on insolvency proceedings

   Article 45

   (application of Chapter 3)

   Chapter 3 of this Act shall apply for all insolvency proceedings, except if the act stipulates that a certain provision should apply only for certain types of proceedings.

   Article 46

   (principle of equal treatment of creditors)

   In insolvency proceedings all creditors who are in an equal position towards the insolvent debtor shall be treated equally.

   Article 47

   (principle of ensuring optimum conditions for payment of creditors)

   Insolvency proceedings shall be conducted in such a manner as to ensure the optimum conditions regarding the amount of payment and the time limits for payment of creditors’ claims.
Article 48

(principle of the promptness of proceedings)

(1) The court shall execute its procedural acts in insolvency proceedings within the time limits determined by this Act, provided that by exercising its competencies of supervision over the administrator, it makes efforts to ensure that all the actions of the administrator executed in insolvency proceedings are completed within the time limits determined in this Act.

(2) Courts and other state bodies shall give priority consideration to matters which involve the debtor in bankruptcy as a party to proceedings, or the result of which affects the progress of bankruptcy proceedings.

Article 49

(preliminary and main insolvency proceedings)

(1) Insolvency proceedings encompass preliminary and main insolvency proceedings.

(2) Preliminary insolvency proceedings shall be initiated with the filing of a proposal for initiating the procedure (hereinafter referred to as: introduction of insolvency proceedings).

(3) In preliminary insolvency proceedings, the court shall decide on the conditions for the initiation of insolvency proceedings.

(4) Main insolvency proceedings shall be initiated upon a resolution of the court on the initiation of insolvency proceedings (hereinafter referred to as: initiation of insolvency proceedings).

Article 50

(grounds for initiation of insolvency proceedings)

Insolvency proceedings shall be initiated when a debtor becomes insolvent and when other conditions stipulated by the act for an individual type of procedure are satisfied.

Section 3.2: Competence and composition of the court

Article 51

(jurisdiction of the court)

(1) The district court shall have jurisdiction to decide in insolvency proceedings against a legal entity or sole proprietor.
(2) The local court shall have jurisdiction to decide in personal bankruptcy proceedings of a private person or consumer, and in legacy bankruptcy proceedings.

**Article 52**

*(territorial jurisdiction)*

(1) The court in the area of which the insolvent debtor has his registered office shall be competent to decide in insolvency proceedings against a legal person or sole proprietor.

(2) Deciding in personal bankruptcy proceedings of a private person or consumer shall fall within the competencies of:
   1. if the debtor has his permanent residence within the territory of the Republic of Slovenia: the court in the area of which the insolvent debtor has his permanent residence,
   2. if the debtor does not have his permanent residence within the territory of the Republic of Slovenia: the court in the area of which the insolvent debtor has his temporary residence,
   3. if neither the permanent nor the temporary residence of the debtor is located within the territory of the Republic of Slovenia:
      – if he receives a salary or other remunerations in the Republic of Slovenia, the court within the area of which the registered office of the paying entity of such incomes is located,
      – in other cases, the court within the area of which the assets of the debtor are located.

(3) Territorial jurisdiction for deciding in legacy bankruptcy proceedings shall, *mutatis mutandis*, be subject to Article 177 of ZD.

**Article 53**

*(composition of the court)*

Insolvency proceedings shall be adjudicated by a single judge.

**Section 3.3: Parties to the proceedings**

**Article 54**

*(petitioner of proceedings)*

A petitioner shall be a person who has files the petition for the initiation of insolvency proceedings.

**Article 55**

*(parties to preliminary proceedings)*
In preliminary insolvency proceedings, procedural acts shall be carried out by:
1. the petitioner of proceedings,
2. the debtor against whom the proposal for the initiation of procedure has been filed, if other than the petitioner,
3. a creditor who demonstrates the probability of the claim towards the debtor against whom the proposal for the initiation of the procedure has been filed, if having declared his participation in preliminary proceedings.

Article 56

(parties to main proceedings)

In main insolvency proceedings, procedural acts shall be carried out by:
1. any creditor who exercises a claim against the insolvent debtor in such proceedings, and
2. an insolvent debtor if so stipulated by the act in respect of a certain procedure.

Section 3.4: Creditor as a party to the main procedure, lodging and testing of claims

Subsection 3.4.1: Obtaining and termination of the capacity ad processum of creditors

Article 57

(obtaining the capacity ad processum of a creditor)

(1) The creditor shall obtain entitlement to carry out procedural acts in main insolvency proceedings if he lodges the claim in such proceedings within the due time limit determined in Article 59 of this Act (hereinafter referred to as: claim lodged in due time).

(2) When in addition to the assumption referred to in the first paragraph of this Article the carrying out of a certain procedural act is also the subject of other assumptions (hereinafter referred to as: additional assumptions for procedural act) stipulated by the act, the creditor shall obtain an entitlement to carry out such a procedural act if the relevant additional assumptions exist.

(3) When a creditor transfers a claim lodged in due time to a new creditor, such new creditor shall obtain the capacity ad processum, and the capacity ad processum of the previous creditor terminates upon a notification of the administrator by one of the creditors on the transfer, and upon presentation of relevant evidence thereof.

58. Article 58

(termination of the capacity ad processum of creditors)
The entitlement of a creditor to carry out procedural acts in main insolvency proceedings shall terminate:
1. if the lodgement of such a creditor has been finally rejected as incomplete in respect of all claims exercised by such lodgement,
2. in bankruptcy proceedings also if all his claims exercised with such proceedings terminate because:
   – he missed the time limit determined for carrying out the acts necessary for such claims to be exercised,
   – it has been decided by a final judicial decision, or a decision by another state body, that such claims do not exist, or
   – they have been settled in whole.

Subsection 3.4.2: Lodging and testing of claims

Article 59
(time limit for lodging a claim)
(1) In compulsory settlement proceedings, a creditor shall lodge a claim against an insolvent debtor within one month following the publication of the notice of initiation of such proceedings.

(2) In compulsory settlement proceedings, a creditor shall lodge a claim against an insolvent debtor within three moths following the publication of the notice of initiation of such proceedings, unless otherwise provided for in the third or fourth paragraph of this Article.

(3) A creditor who is the subject of a complaint for challenging legal actions of the debtor in bankruptcy shall declare a claim in bankruptcy proceedings as his conditional claim which arises under the third paragraph of Article 278 of this Act, within one month following the date of delivery of such complaint if the claim will be finally satisfied.

(4) A creditor shall lodge a claim for compensation for damages referred to in the third paragraph of Article 248 or fifth paragraph of Article 268 of this Act within one month following the receipt of the statement of the debtor in bankruptcy concerning the exercising the right to waive or the right to dispose of the claim.

Article 60
(content of the lodgement of a claim)
(1) A lodgement of a claim in insolvency proceedings shall contain:
1. a certain request for recognition of the claims in proceedings,
2. a description of the facts substantiating the request, and the relevant evidence.
(2) A request for recognition of claims shall contain:
1. the principal amount of the claim,
2. if the creditor in insolvency proceedings, in addition to the principal of the claim, exercises also interest: the capitalised amount of any eventual interest calculated for the period as of the maturity of the claim up to the initiation of insolvency proceedings,
3. if the creditor in insolvency proceedings, in addition to the principal of the claim, exercises also costs arising from the exercising of the claim in the judicial or other procedure prior to the initiation of insolvency proceedings: amounts of such costs.

(3) The creditor shall attach to the lodgement of the claim any eventual documentary evidence on the facts referred to in point 2 of the first paragraph of this Article.

(4) If the lodgement of the claim fails to contain the description of the facts and evidence referred to in point 2 of the first paragraph of this Article, or if it is not attached by evidence referred to in the third paragraph of this Article, such lodgement shall not be the subject to the rules on incomplete lodgements, but the creditor shall be charged costs for an eventual procedure for establishing the existence of the claim, if the claim has been negated.

(5) If the creditor lodging a claim exercises interest up to the initiation of insolvency proceedings, and the request for the recognition of the claim fails to include the capitalised amount of interest referred to in point 2 of the second paragraph of this Article:
1. in bankruptcy proceedings the administrator shall, if the subject of the lodgement is a priority claim, when testing the claim shall calculate the capitalised amount of interest, entering this in the basic list of tested claims,
2. other cases of lodgement of a claim shall not be the subject to the rules on incomplete lodgements, but it is considered, and evidence to the contrary shall not be allowed, that the creditor in the proceedings does not exercise interest for the period as of the maturity of the claim up to the initiation of insolvency proceedings.

(6) If the application for recognition of the claim fails to include the amount of costs referred to in point 3 of the second paragraph of this Article, such lodgement of the claim shall not be the subject to the rules on incomplete lodgements, but it is considered, and evidence to the contrary shall not be allowed, that the creditor in proceedings does not exercise such costs due to insolvency.

(7) In insolvency proceedings, a creditor may lodge one claim in respect of more claims.

Article 61
(statement by the administrator on lodged claims; basic list of tested claims)

(1) The administrator shall make a definite statement within one month following the expiry of the time limit for the lodgement of a claim referred to in the first or second paragraph of Article 59 of this Act, on any claim lodged in due time, whether to recognise or negate the same.

(2) If the administrator in bankruptcy proceedings is not able to test all claims within the time limit referred to in the first paragraph of this Article due to a high number of claims lodged in due time, the court shall, upon the administrator’s request, extend such time limit, but for one month at the most.

(3) The administrator shall make a statement on all claims lodged in due time so as to furnish the court with a list (hereinafter referred to as: basic list of tested claims).

(4) The basic list of tested claims shall contain the following information in respect of each claim lodged in due time:
   1. a serial number of the claim,
   2. identification data of the creditor who has lodged the claim,
   3. the principal amount of the lodged claim,
   4. the capitalised amount of interest referred to in point 2 of the second paragraph, or point 1 of the fifth paragraph of Article 60 of this Act, and the amount of costs referred to in point 3 of the second paragraph of Article 60 of this Act,
   5. statement by the administrator on his recognition or negation of the claim,
   6. if the administrator only partially negates the claim: the negated amount of the claim,
   7. if the administrator negates the claim: a description of the facts indicating that the claim, or a negated part thereof, does not exist.

(5) The court shall publish the basic list of tested claims within three working days following its receipt.

(6) After the basic list of tested claims is published, the administrator shall no longer be in the position to negate the same.

Article 62

(objection to the basic list of tested claims)

(1) A creditor may enter an objection to the basic list of tested claims:
   1. if one of his claims lodged in due time is missing from the list, or
   2. if data on such claim referred to in point 2, 3 or 4 of the fourth paragraph of Article 61 of this Act are not correct.
(2) The creditor shall enter an objection to the basic list of tested claims within fifteen days following the publication of such list.

(3) If, upon the judgement of the administrator, the objection of the creditor against the basic list of tested claims is justified, the administrator shall within eight days following the expiry of the time limit referred to in the second paragraph of this Article, submit to the court a correction of the basic list of tested claims.

(4) The correction of the basic list of tested claims shall contain:
   1. data referred to in the fourth paragraph of Article 61 of this Act, and
   2. in the case referred to in point 2 of the first paragraph of this Article also: a note on this being a correction of data on the claim from the list of tested claims.

(5) The court shall publish the correction of the basic list of tested claims on the next working day following its receipt.

(6) The time limit referred to in the third paragraph of Article 63 of this Act concerning objection to the negation of claims included in the correction of the basic list of tested claims shall commence with the publication of such list.

**Article 63**

*(objection on the negation of a claim)*

(1) A creditor may negate the claim of another creditor lodged in due time.

(2) A creditor shall negate a claim lodged in due time by means of an objection (hereinafter referred to as: objection on negation of a claim).

(3) The creditor shall enter the objection on negation of a claim in compulsory settlement proceedings within fifteen days, and in bankruptcy proceedings within one month following the publication of the basic list of tested claims.

(4) After the time limit specified for entering the objection on the negation of a claim has expired, the creditor shall be no longer in the position to negate the claim of another creditor lodged in due time.

(5) In addition to data included in every application, the objection on negation of a claim shall contain also:
   1. data on the claim referred to in points 1 to 4 of the fourth paragraph of Article 61 of this Act, and
   2. a statement by the creditor of his negating the claim,
   3. if the creditor only partially negates the claim: the negated amount of the claim,
4. a description of the facts indicating that the claim, or a negated part thereof, does not exist, and evidence thereof.

(6) The creditor shall attach to the objection to the negation of a claim any eventual documentary evidence of the facts referred to in point 4 of the fifth paragraph of this Article.

(7) If the objection to the negation of a claim fails to include the description of the facts and evidence referred to in point 4 of the fifth paragraph of this Article, or if it is not attached by evidence referred to in the sixth paragraph of this Article, such objection shall not be the subject to the rules on incomplete lodgements.

(8) If the objection on negation of a claim fails to include data referred to in point 1 or 2 of the fifth paragraph of this Article, or any other data mandatory for every application, the court shall reject such objection without granting any time limit to the creditor for the correction thereof.

(9) A rejection of the objection which has been entered after the expiry of the time limit referred to in the third paragraph of this Article, and of the objection referred to in the eighth paragraph of this Article, shall be decided by the court with a resolution on the testing of claims.

**Article 64**

*(objection of an insolvent debtor to the negation of a claim)*

(1) If the insolvency of a debtor puts him in the position of a party to insolvency proceedings, such debtor may also negate a claim of a creditor in such proceedings lodged in due time.

(2) The objection of an insolvent debtor to the negation of a claim shall, *mutatis mutandis*, be subject to the provisions of this Act concerning the objection of a creditor to the negation of claims.

**Article 65**

*(supplemented list of tested claims)*

(1) The administrator shall, within eight days following the expiry of the time limit determined for entering an objection to the negation of a claim referred to in the third paragraph of Article 63 of this Act, submit to the court a supplemented list of tested claims with the aim of supplementing the basic list of tested claims, so that the following shall be entered in respect of each claim subject to the lodged appeal:

1. identification data on the person entering the objection,
2. the data referred to in points 2 to 4 of the fifth paragraph of Article 63 of this Act.
(2) If a correction to the basic list of tested claims has been published pursuant to the fifth paragraph of Article 62 of this Act, the administrator shall also include in the supplemented list of tested claims data and corrections of data on claims contained in the correction to the basic list of tested claims.

(3) The court shall publish the supplemented list of tested claims within three working days following the receipt of the list.

**Article 66**

*(objection to a supplemented list of tested claims)*

(1) An objection to a supplemented list of tested claims may be entered by:
1. a creditor who has entered an objection to the basic list of tested claims in time, if the administrator has not considered such objection in the correction to the basic list of tested claims under the third paragraph of Article 62 of this Act,
2. a creditor who has entered an objection to the negation of a claim in time:
   – if his objection is not included in the list, or
   – if data relating to such objection are incorrect.

(2) The creditor shall enter an objection to the supplemented list of tested claims within fifteen days following the publication of the same.

**Article 67**

*(recognised and negated claim)*

(1) A claim shall be recognised if it is recognised by the administrator pursuant to Article 61 of this Act, and if it is not negated by any creditor pursuant to Article 63 of this Act.

(2) A claim shall be negated if it is negated by the administrator pursuant to Article 61 of this Act, or by the creditor pursuant to Article 63 of this Act.

(3) In bankruptcy proceedings, a negated claim shall also be recognised when the following conditions are met:
1. for a negated claim referred to in the first paragraph of Article 300, or first paragraph of Article 301 of this Act: when the judgement of a court brought to the satisfaction of the claim for damages for establishing the existence of the claim becomes final,
2. for a negated claim referred to in the first paragraph of Article 302 of this Act: when the time limit for filing a complaint referred to in the second paragraph of Article 302 of this Act expires, if none of those who have negated the claim has filed the complaint within such time limit, or
– when the court ruling whereby the claim for establishing the non-existence of the claim is refused, the complaint referred to in the second paragraph of Article 302 of this Act is rejected, or the procedure is interrupted since the complaint has been withdrawn, becomes final.

3. for a negated claim referred to in the first paragraph of Article 314 of this Act:
– when the time limit for declaring the participation referred to in the third paragraph of Article 314 of this Act expires, if none of those who have negated the claim declares his participation within such time limit, or
– when the decision whereby the competent state body decides on the existence of the claim, becomes final.

Article 68
(plausibly demonstrated claim)

(1) A plausibly demonstrated claim shall be the negated claim decided by the court as plausibly demonstrated.

(2) When assessing the plausibility of the claim, the court shall take into consideration only the description of facts concerning the existence of the claim in the lodgement of the claim, and the documentary evidence attached to such lodgement, and
1. if the administrator negates the claim: a description of the facts on the non-existence of the claim in the basic list of tested claims, or
2. if the claim is negated by the creditor: a description of facts concerning the non-existence of the claim in the objection to the negation of the claim, and the documentary evidence attached to such appeal.

(3) A claim shall be deemed as not plausibly demonstrated, and any other assessment shall not be permitted, if the lodgement of the claim has the defects referred to in the fourth paragraph of Article 60 of this Act.

(4) A claim shall be deemed as plausibly demonstrated, and any other assessment shall not be permitted:
1. if the claim has been decided upon by a decision of a court or any other state body which became final prior to the initiation of insolvency proceedings,
2. if the claim in compulsory settlement proceedings is included in the list referred to in points 3, 4 or 5 of the first paragraph of Article 142 of this Act concerning the amount of such claim indicated in such list,
3. if the claim is established in the charge to tax, as determined in the act governing tax procedures,
4. in other cases:
   – if the lodgement of the claim has no defects referred to in the fourth paragraph of Article 60 of this Act, and
neither the basic list of tested claims nor any of the timely objections to the negation of a claim includes a description of facts on the non-existence of the claim.

**Article 69**

**(resolution on testing a claim)**

(1) Testing of claims shall be decided by the court outside the hearing.

(2) With the resolution on the testing of a claim, the court shall decide:

1. on objections to the supplemented list of tested claims referred to in Article 66 of this Act, and on rejection of objections referred to in the ninth paragraph of Article 63 of this Act,
2. which claims are finally recognised or negated,
3. in compulsory settlement proceedings also which claims are plausibly demonstrated,
4. in bankruptcy proceedings also who shall, in another procedure, exercise a claim to establish the existence or non-existence of a negated claim.

(3) In the operative part of the resolution on the testing of claims the court shall formulate its decisions referred to in points 2 to 4 of the first paragraph of this Article so as to indicate a final list of tested claims, which is an integral part of the operative part of such resolution.

(4) The court shall:

1. in compulsory settlement proceedings within three working days, and in bankruptcy proceedings within fifteen days following the expiry of the time limit for objection to the list of tested claims, adopt a resolution on the testing of claims and inform the administrator thereof, and
2. within three working days following the day of having been submitted a final list of tested claims by the administrator, publish the resolution on testing of claims and the final list of tested claims, which is an integral part of the operative part of such resolution.

(5) In bankruptcy proceedings the court shall decide which negated claims are plausibly demonstrated, only if creditors require a creditors' committee to be established pursuant to the first paragraph of Article 82 of this Act.

(6) The court shall decide in bankruptcy proceedings which negated claims are plausibly demonstrated:

1. if an application is submitted for the establishment of the creditors' committee referred to in point 1 of the first paragraph of Article 82 of this Act: with a resolution on the testing of claims within the time limit referred to in point 1 of the fourth paragraph of this Article,
2. if an application is submitted for the establishment of the creditors' committee referred to in point 2 of the first paragraph of Article 82 of this Act: with a supplementary resolution on the testing of claims which shall be published at the same time as the call for creditors referred to in the third paragraph of Article 82 of this Act.

**Article 70**

*(final list of tested claims)*

(1) The administrator shall, within three working days after the receipt of the notification referred to in point 1 of the fourth paragraph of Article 69 of this Act, submit to the court the final list of tested claims pursuant to the court's decision referred to in the second paragraph of Article 69 of this Act.

(2) The final list of tested claims shall contain in respect of each claim the data laid down in points 1 to 4 of the fourth paragraph of Article 61 of this Act, and if the claim has been negated also:
   1. a court decision as to whether the claim is plausibly demonstrated,
   2. data on persons who have negated the claim, namely:
      – if the claim has been negated by the administrator: an indication that the claim has been negated by the administrator,
      – if the claim has been negated by another creditor: identification data on the person entering the objection,
   3. the negated amount of the claim, or information that the claim is negated in whole,
   4. in bankruptcy proceedings also: who shall, in another procedure, exercise a claim to establish the existence or non-existence of a negated claim.

**Article 71**

*(subsequent testing of claims)*

(1) The administrator shall make a statement on all claims lodged in due time referred to in the third or fourth paragraph of Article 59 of this Act which have not been included in the basic list of tested claims, so as to furnish to the court a list of such claims (hereinafter referred to as: additional list of tested claims).

(2) The testing of claims referred to in the first paragraph of this Article shall, *mutatis mutandis*, be subject to Articles 61 to 70 of this Act.

(3) In the *mutatis mutandis* application of the provisions of this Act referred to in the second paragraph of this Article, instead of the term „list of tested claims“, the term „additional list of tested claims“ shall be applied.

**Article 72**
(updating of the final list of tested claims)

In bankruptcy proceedings the administrator shall, each time when elaborating a distribution plan, update the final list of tested claims so as to:

1. supplement the data on negated claims with data on the initiation and result of the proceedings referred to in point 4 of the second paragraph of Article 70 of this Act, and
2. in the case referred to in the first paragraph of Article 71 of this Act: supplement such list with the data on claims included in the final additional list of tested claims.

Subsection 3.4.3: Share of voting rights of a creditor

Article 73

(a creditor’s claims for calculating the share of his voting rights)

(1) If the entitlement to execute a procedural act in insolvency proceedings is assessed with regard to the share of voting rights of the creditor, the total amount of all recognised and plausibly demonstrated claims of the creditor according to the position on the initiation of such proceedings shall be considered when calculating such share.

(2) As the amount of a claim the following shall be considered under the first paragraph of this Article:
1. the amount of the principal of the claim,
2. the capitalised amount of interest if these are exercised pursuant to point 2 of the second paragraph of Article 60 of this Act, and
3. the amount of costs if these are exercised pursuant to point 3 of the second paragraph of Article 60 of this Act.

(3) In bankruptcy proceedings, the amount of claims referred to in the second paragraph of this Article shall be deducted by the amount of claims as at the position on the initiation of such proceedings, in respect of which the creditor’s right to payment in such proceedings has expired.

Article 74

(the basis for calculating the share of voting rights)

The basis for calculating the share of voting rights of an individual creditor shall be the sum of the amounts of all claims of creditors referred to in Article 73 of this Act.

Article 75

(procedural acts to be decided by creditors by voting)

(1) If a procedural act which is to be decided by creditors by voting requires a majority of all votes of the creditors, the decision shall be adopted if it is voted for by
the creditors whose total amount of claims referred to in Article 73 of this Act exceeds one half of the basis for calculating the share of voting rights, as referred to in Article 74 of this Act, unless otherwise provided for by the law in respect of a particular case.

(2) If a procedural act which is to be decided by creditors by voting requires the majority of all votes cast of the creditors, the decision shall be adopted when the creditors whose total amount of claims referred to in Article 73 of this Act exceeds one half of the amount of the claims of creditors who participated in the voting vote for such a decision.

(3) When assessing the results of a vote, those statements of creditors on the voting shall be taken into consideration which the court receives before the time limit for the submission of ballot papers expires, irrespective of their having been sent by registered post or submitted to the court in any other way.

Section 3.5: Creditors' committee

Article 76

(creditors’ committee as the body of creditors)

The creditors’ committee shall be a body of creditors which carries out procedural acts in insolvency proceedings which are stipulated by the act to be carried out by creditors’ committee, on behalf of all creditors who are subject to such proceedings.

Article 77

(formation of a creditors' committee)

(1) The creditors’ committee shall be formed:
   1. in compulsory settlement proceedings,
   2. in bankruptcy proceedings if so required by the creditors.

(2) Procedural acts which, according to this Act, should in bankruptcy proceedings be carried out by the creditors’ committee shall in bankruptcy proceedings not be carried out within the period as of the initiation of such proceedings until the day of appointment or election of members of the creditors’ committee, based on the request by the creditors for the formation of such a committee.

Article 78

(members of creditors' committee)

(1) Any creditor may be elected a member of the creditor' committee who, under Article 57 of this Act, is justified to carry out procedural acts.
(2) Notwithstanding the first paragraph of this Article, a creditor may not be elected a member of the creditor' committee who:

1. is at the same time the debtor of an insolvent debtor, and the liability of whom towards the insolvent debtor exceeds one per cent of the value of the insolvent debtor’s assets,

2. in the two years prior to the introduction of insolvency proceedings has performed the function of a member of the management or supervisory body, or the function of a holder of procuration of the insolvent debtor,

3. is a company which has in relation to the insolvent debtor, or debtor referred to in point 1 of this paragraph, the position of a related company under Article 527 of ZGD-1,

4. executes the function of a member of the management or supervisory body, or the function of a holder of procuration, in:
   – the creditor referred to in point 1 of this paragraph, or
   – the company in point 3 of this paragraph,

5. is in relation to the person referred to in point 1, 2 or 4 of this paragraph a closely related person,

6. has with regard to all claims exercised in the proceedings, the position of a creditor with the right to separate settlement, unless the creditor proves that the value of the assets which are the subject of his exclusion right is insufficient to cover the whole claim, or

7. holds the position of a creditor with an exclusion right.

**Article 79**

(2) Notwithstanding the first paragraph of this Article, a creditor may not be elected a member of the creditor' committee who:

1. is at the same time the debtor of an insolvent debtor, and the liability of whom towards the insolvent debtor exceeds one per cent of the value of the insolvent debtor’s assets,

2. in the two years prior to the introduction of insolvency proceedings has performed the function of a member of the management or supervisory body, or the function of a holder of procuration of the insolvent debtor,

3. is a company which has in relation to the insolvent debtor, or debtor referred to in point 1 of this paragraph, the position of a related company under Article 527 of ZGD-1,

4. executes the function of a member of the management or supervisory body, or the function of a holder of procuration, in:
   – the creditor referred to in point 1 of this paragraph, or
   – the company in point 3 of this paragraph,

5. is in relation to the person referred to in point 1, 2 or 4 of this paragraph a closely related person,

6. has with regard to all claims exercised in the proceedings, the position of a creditor with the right to separate settlement, unless the creditor proves that the value of the assets which are the subject of his exclusion right is insufficient to cover the whole claim, or

7. holds the position of a creditor with an exclusion right.

**Article 79**

(1) The number of members of the creditors' committee shall be determined by the court.

(2) The number of members of the creditors' committee shall be an odd number and shall not be less than three, unless the number of creditors is less than three, and not more than eleven.

(3) When determining the number of members of the creditors' committee, the court shall take account of the total number of creditors.

(4) The number of members of the creditors' committee shall be determined by the court:

1. if it has the competence to decide on the appointment of the members of the creditors' committee: with a resolution on appointment of the creditors' committee,

2. if the members of the creditors' committee are elected by creditors: with a resolution on election of the creditors' committee.
(5) No special appeal is possible against a resolution on the determination of the number of the members of the creditors' committee; however, it may be challenged by an appeal against the resolution on the appointment or election of the creditors' committee.

**Article 80**

*Appointment of the members of the creditors' committee*

(1) In compulsory settlement proceedings, the court shall appoint the members of the creditors' committee with a resolution on the initiation of such proceedings.

(2) The members of the creditors' committee to be appointed by the court shall be the creditors who are the owners of ordinary claims against the debtor in the highest total amount.

(3) When appointing members of the creditors' committee, the court shall determine the creditors with the highest total amount of claims under the second paragraph of this Article:

1. in compulsory settlement proceedings: on the basis of the list referred to in point 3 of the first paragraph of Article 142 of this Act,
2. in bankruptcy proceedings: on the basis of data shown by the insolvent debtor in his business books.

**Article 81**

*Dismissal of appointed members of the creditors' committee*

(1) If the appointment of the creditors' committee was executed under Article 80 of this Act, the creditors holding together 1/10 of voting rights may, after the resolution on the testing claims is published, require the dismissal of an appointed member of the creditors' committee and the appointment of a new member.

(2) The request referred to in the first paragraph of this Article shall be attached by a statement by the creditor proposed as a new member of the creditors' committee, that he agrees to be elected to the creditors' committee, and that no obstacle exists thereof as referred to in the second paragraph of Article 78 of this Act.

(3) Within three working days following the receipt of the request by the creditors referred to in the first paragraph of this Article, the court shall publish a call to creditors to submit, within fifteen days following the publication of the call, ballot papers for voting on the dismissal of the appointed member of the creditors' committee and the appointment of a new one.
(4) The dismissal of an appointed member of the creditors' committee shall require a majority of the creditors’ votes cast.

(5) If an appointed member of the creditors' committee is not dismissed, voting on the election of a new member of the creditors' committee shall have no legal effect.

**Article 82**

(request by creditors for the formation of a creditors' committee in bankruptcy proceedings)

(1) In bankruptcy proceedings, a request for the formation of a creditors' committee may be filed by:
1. if the request is filed prior to the publication of the resolution on testing claims: each creditor who has lodged his claim in the proceedings in due time,
2. if the request is filed after the publication of the resolution on testing claims: creditors holding together 1/10 of voting rights.

(2) The court shall, upon the request referred to in point 1 of the first paragraph of this Article, issue and publish a resolution within fifteen days following the receipt of such request, concerning the appointment of members of the creditors' committee under the second and third paragraphs of Article 80 of this Act.

(3) The court shall, upon the request referred to in point 2 of the first paragraph of this Article, publish a call to creditors within fifteen days following the receipt of such request, that within fifteen days after the publication of the call they should:
1. vote on the formation of the creditors' committee, and
2. make proposals for the election of members of the creditors' committee under the first to third paragraphs of Article 83 of this Act.

(4) The adoption of a decision on the formation of the creditors' committee shall require a majority of the total voting power of creditors.

(5) If the decision on the formation of the creditors' committee is adopted, the court shall within eight days following the expiry of the time limit specified in the second paragraph of this Article, publish a call to creditors, to vote within fifteen days following the publication of the call on electoral proposals for the election of members of the creditors' committee, which the court shall put to the vote under the fourth paragraph of Article 83 of this Act.

**Article 83**

(election of members of the creditors' committee)
(1) A proposal for the election of a member of the creditors' committee (hereinafter referred to as: electoral proposal) may be made by any creditor.

(2) The electoral proposal shall be attached by a statement by the creditor, who is the subject of the election, that he agrees to be elected a member of the creditors' committee, and that no obstacle exists thereunto as referred to in the second paragraph of Article 78 of this Act.

(3) If the electoral proposal is not attached by the statement by the creditor referred to in the second paragraph of this Article, such proposal shall not be the subject to the rules on incomplete lodgements but the electoral proposal shall not be put to a vote.

(4) The court shall put to a vote all electoral proposals received by the expiry of the time limit referred to in the third paragraph of Article 82 of this Act.

(5) Notwithstanding the fourth paragraph of this Article, the court shall refuse an electoral proposal:
   1. if the proposed person does not meet the condition for election referred to in the first paragraph of Article 78 of this Act, or
   2. if an obstacle exists to the election referred to in the second paragraph of Article 78 of this Act.

(6) Refusal of an electoral proposal shall be decided by the court issuing a resolution.

(7) No special appeal is possible against a resolution on the refusal of an electoral proposal; however, it may be challenged by an appeal against the resolution on the election of the creditors' committee.

(8) The election of a creditor as a member of the creditors' committee shall require a majority of creditors’ votes cast.

(9) If the number of electoral proposals put to the vote is higher than the number of members of the creditors' committee, all creditors shall be elected members of the creditors’ committee who receive more votes.

**Article 84**

*(resolution on the election of the creditors' committee)*

(1) The court shall decide on the result of the election of members of the creditors' committee with a resolution on the election of the creditors' committee.
(2) The court shall publish the resolution on the election of the creditors' committee within eight days following the expiry of the time limit determined for voting on electoral proposals for the election of members of the creditors' committee referred to in the fifth paragraph of Article 82 of this Act.

(3) A creditor shall obtain a position of the member of the creditors' committee when the resolution on the election of the creditors' committee is published.

(4) The operative part of the resolution on the election of the creditors' committee shall contain:
1. a resolution determining the number of members of the creditors' committee referred to in point 2 of the fourth paragraph of Article 79 of this Act,
2. identification data on creditors elected members of the creditors' committee,
3. an eventual resolution or resolutions on the refusal of electoral proposals referred to in the fifth paragraph of Article 83 of this Act.

(5) If the resolution on the election of the creditors' committee is set aside or modified on the basis of a legal remedy, this shall not affect the validity of the acts performed in the creditors' committee by its members until such time as their having been informed of such repeal or modification of the resolution on the election of the creditors' committee.

(6) It is considered, and evidence to the contrary shall not be allowed, that a member of the creditors' committee has been informed about the setting aside or modification of the resolution on election of the creditors' committee on the next working day following the day of publication of the court ruling on the repeal or modification of such resolution, at the latest.

Article 85

(termination of the position of a member of the creditors' committee)

(1) A creditor’s position as a member of the creditors' committee shall terminate:
1. if his entitlement to carry out procedural acts under the third paragraph of Article 57 or the second paragraph of Article 58 of this Act terminates,
2. if he is dismissed pursuant to Article 86 of this Act,
3. if he resigns from the position of member of the creditors' committee, or
4. if the resolution on the election of the creditors' committee is set aside or modified in the part referring to him.

(2) The administrator shall inform the court of the legal remedy referred to in point 1 of the first paragraph of this Article within eight days of having been informed thereof.
(3) A statement of resignation from the position of the member of the creditors' committee shall be filed with the court and shall come into effect on the day of acceptance by the court.

**Article 86**

*(dismissal of appointed members of the creditors' committee and by-elections)*

(1) Creditors holding together 1/10 of voting rights may request the dismissal of an elected member of the creditors' committee and the election of a new member.

(2) Within three working days following the receipt of the request by the creditors referred to in the first paragraph of this Article, the court shall publish a call to creditors to submit, within fifteen days following the publication of the call, ballot papers for voting on the dismissal of the appointed member of the creditors' committee and the appointment of a new member.

(3) If the position of a member of the creditors' committee terminates under points 1, 3 or 4 of the first paragraph of Article 85 of this Act, the court shall within three working days following the receipt of the notification referred to in the second paragraph of Article 85, the statement referred to in the third paragraph of Article 85 of this Act, or a court ruling referred to in the fifth paragraph of Article 84 of this Act, publish a call to creditors, to within fifteen days following the publication, submit proposals for the election of a new member of the creditors' committee.

(4) The dismissal of an elected member of the creditors' committee shall, *mutatis mutandis*, be subject to the fourth and fifth paragraphs of Article 81 of this Act, and the election of a new member of the creditors' committee to Articles 83 and 84 of this Act.

**Article 87**

*(competencies of the creditors' committee)*

The creditors' committee shall:
1. decide on the opinion of or consent to matters provided for by law,
2. discuss reports which shall be submitted by the administrator pursuant to the law, and
3. exercise other competencies provided for by law.

**Article 88**

*(procedure relating to the opinion or consent of the creditors’ committee)*

(1) If pursuant to this Act the court has to decide on a certain case on the basis of an opinion of the creditors’ committee, or with the consent of the same, the court shall serve a request for the opinion or consent on all members of the creditors’ committee.
(2) The request for an opinion or consent of the creditors’ committee shall contain:
1. the content of the intended court’s decision which is the subject of the request, and
2. the court’s reasons for such decision.

(3) If a case which is the subject of the request is to be decided by the court on the basis of a proposal of the administrator or another person, the court shall provide members of the creditors’ committee with the request and a copy of such proposal and documents attached thereto.

(4) If pursuant to this Act the court has to decide on a certain case on the basis of an opinion of the creditors’ committee, or with consent of the same, and the creditors’ committee does not adopt the decision on the opinion or consent within fifteen days following the service of the relevant request for an opinion or consent to the president of the creditors’ committee, the procedural assumption concerning the court’s decision in relation to the opinion or consent of the creditors’ committee shall be deemed satisfied.

Article 89

(procedure relating to discussing the reports and opinions of the administrator at the creditors’ committee)

(1) If the administrator has to, pursuant to this Act, submit a report or opinion to the court, he shall send this also to all members of the creditors’ committee.

(2) The administrator shall send the report or opinion referred to in the first paragraph of this Article to the members of the creditors’ committee together with the documents attached thereto.

(3) At the meeting of the creditors’ committee, where his report or opinion is discussed, the administrator shall upon a request by each member of the creditors’ committee provide additional explanation on the execution of his competencies and the tasks of the administrator in the procedure, and on other matters significant for the protection or realisation of the interests of creditors in such procedure.

(4) The first and second paragraphs of this Article shall not apply for reports and documents which are published.

Article 90

(decision-making by the creditors’ committee)

(1) The creditors’ committee shall decide on matters within its competencies at meetings.
(2) Each member of the creditors’ committee shall have one vote.

(3) A member of the creditors’ committee shall make a statement on voting:
1. orally at the creditors’ committee meeting, or
2. before the creditors’ committee meeting so as to submit it to the president of the creditors’ committee.

(4) The statement on voting referred to in point 2 of the third paragraph of this Article shall be taken into consideration during voting if it has been received by the president of the creditors’ committee prior to the start of the creditors’ committee meeting where the matter is to be voted upon to which the statement refers.

(5) A decision of the creditors’ committee shall be adopted:
1. if the voting is participated in by the majority of members of the creditors’ committee, and
2. if it is voted for by a majority of the members of the creditors’ committee who participated at the meeting, unless the law provides that a certain decision should be adopted by a majority of the total voting power of members of the creditors’ committee.

(6) The creditors’ committee may adopt rules of procedure by a majority of the total voting power of members of the creditors’ committee.

Article 91

(president of the creditors’ committee)

(1) Members of the creditors’ committee shall at their first meeting elect one of their number as president.

(2) If the president of the creditors’ committee is absent or if his function as a member of the creditors’ committee terminates, the competencies and tasks of president shall be executed by the member of the creditors’ committee with the highest share of voting rights of the creditors.

Article 92

(representation of a member of the creditors’ committee)

(1) If a member of the creditors’ committee is a creditor who is a natural person, such a member may cooperate on the creditors’ committee in person or through an authorised person.
(2) If a member of the creditors’ committee is a creditor who is a legal entity, such member shall be represented in the creditors’ committee by his legal representative or a person authorised by such creditor.

(3) Authorisation for representation at creditors’ committees’ meetings shall be in written form.

(4) A member of the creditors’ committee may give authorisation for representation at meetings of the creditors’ committee as a general authorisation or as an authorisation for representation at individual meetings of the creditors’ committee.

(5) A member of the creditors’ committee may authorise other member of the creditors’ committee to represent him at a meeting of the creditors’ committee.

(6) A member of the creditors’ committee may authorise more than one person to represent him at meetings of the creditors’ committee.

(7) If a member of the creditors’ committee authorises two or more persons to represent him at meetings of the creditors’ committee, the creditor shall specify in the authorisation the authorised person who represents him at exercising the right to vote.

**Article 93**

**(participation at meetings of the creditors’ committee)**

(1) Meetings of the creditors’ committee shall be attended by:
1. members of the creditors’ committee or their authorised persons,
2. administrator and persons performing certain tasks in the procedure in respect of the administrator,
3. a presiding judge, and
4. in compulsory settlement proceedings, a legal representative and authorised persons of the insolvent debtor.

(2) The administrator shall participate at meeting of the creditors’ committee if his report or opinion is discussed at the meeting, or if it is, in other cases, so required by the caller of the meeting.

(3) In a compulsory settlement proceedings, the second paragraph of this Article shall apply *mutatis mutandis* also for the legal representatives and authorised persons of the insolvent debtor.

**Article 94**

**(call of the meeting of the creditors’ committee)**

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(1) The first meeting of the creditors’ committee shall be called by the administrator for a day which is not earlier than ten days and not later than fifteen days after the day when the creditors’ committee was appointed or elected.

(2) Other meetings of the creditors’ committee shall be called by the president of the creditors’ committee.

(3) The president shall call a meeting of the creditors’ committee:
1. if the creditors’ committee should, pursuant to this Act, decide on an opinion or consent,
2. if the creditors’ committee should, pursuant to this Act, discuss a report of administrator, or
3. if so required by a member of the creditors’ committee who states the purpose and reasons for calling a meeting.

(4) The president of the creditors’ committee shall call the meeting of the creditors’ committee within three working days for a day which is not earlier than ten days and not later than fifteen days after the day of receipt of the request of the court for an opinion or consent of the creditors’ committee, a report of the administrator, or a request by the member of the creditors’ committee.

(5) If the president of the creditors’ committee does not call the meeting of the creditors’ committee within the time limit referred to in the fourth paragraph of this Article, it may be called by at least two members of the creditors’ committee.

(6) The caller of the meeting shall inform members of the creditors’ committee, the administrator and the court of other meetings, save for the first one, by an invitation to be served at least five working days prior to the meeting.

(7) The invitation for the meeting of the creditors’ committee shall contain:
1. the day, the hour and the place of the meeting,
2. agenda, and
3. a proposal of the caller of the meeting for the adoption of a resolution of the creditors’ committee, to each point of the agenda.

**Article 95**

*(place of the meeting of the creditors’ committee)*

(1) The place of the creditors’ committee meetings shall be within the territory of the court conducting the procedure.
(2) If the rules of procedure of the creditors’ committee do not provide for a permanent place for meetings of the creditors’ committee, this shall be determined by the caller of the meeting by issuing an invitation for such meeting.

**Article 96**

*(conduct of the meeting of the creditors’ committee)*

(1) Meetings of creditors’ committee shall be conducted by the president of the creditors’ committee.

(2) Besides the caller of the meeting, each member of the creditors’ committee may make a proposal for the adoption of a resolution of the creditors’ committee.

(3) If more proposals for the adoption of a resolution are given for a certain point of agenda, these shall be voted on in the order determined regarding the share of voting rights of the creditor who proposed the adoption of the resolution, so that the proposal of the creditor with the highest share of voting rights shall be given priority at voting.

(4) The result of the vote on a certain proposal of a resolution shall be announced by the president of the creditors’ committee.

(5) If in the case referred to in the third paragraph of this Article a resolution of the creditors’ committee is adopted, other subsequent proposals for such resolution shall not be voted upon.

(6) Minutes shall be kept on the course of meetings which shall contain at each point of the agenda:
1. a proposal or proposals of resolutions on this point,
2. a result of voting on the proposal of the resolution announced by the president of the creditors’ committee under the fourth paragraph of this Article.

(7) The minutes shall be signed by the president of the creditors’ committee.

Section 3.6: Administrator

**Subsection 3.6.1: Basic rules on administrators**

**Article 97**

*(position and competencies of administrator)*

(1) The administrator shall be a body in insolvency proceedings, executing its competencies and tasks in such proceedings, stipulated by law, with the aim of protecting and realising the interests of creditors.
(2) In insolvency proceedings, the administrator shall conduct the operations of the insolvent debtor according to the needs of the procedure, and represent him:
1. in procedural and other legal actions in relation to testing claims, to rights to separate settlement and exclusion rights,
2. in procedural and other acts in relation to challenging the legal actions of the insolvent debtor,
3. in legal transactions and other acts necessary for the realisation of the bankruptcy estate,
4. in realisation of the right to dispose of the claim and other rights acquired by an insolvent debtor as legal consequences of the initiation of bankruptcy proceedings and
5. in other legal transactions which the insolvent debtor may carry out pursuant to this Act.

Article 98

(obligeions of administrator)

(1) The administrator shall perform his tasks and competencies in accordance with:
1. this Act and regulations issued on the basis thereof,
2. other acts which apply for an insolvent debtor, and regulations issued on the basis thereof,
3. the rules of the profession of persons who execute operations for other persons as mandataries.

(2) In performing his tasks and competencies, the administrator shall act:
1. conscientiously and fairly,
2. with a corresponding professional care, and
3. so as to protect and realise the interests of creditors, which shall be his lead in executing such tasks and competencies.

(3) The administrator shall treat creditors who are in an equal position vis-a-vis the insolvent debtor, equally and shall not enable or allow:
1. that individual creditors in the procedure achieve priority payment or other benefits to the detriment of other creditors who are in an equal position vis-a-vis the insolvent debtor, or
2. that other persons obtain the insolvent debtor’s assets which belong to the bankruptcy estate without providing for an equivalent counter exercise, or other benefits to the detriment of the bankruptcy estate which are not in accordance with the laws, regulations and rules of the profession referred to in the first paragraph of this Article.

Article 99
(regular reports of liquidator)

(1) The administrator shall prepare minutes on the conduct of the procedure for each calendar three-month period (hereinafter referred to as: regular report).

(2) Notwithstanding the first paragraph of this Article, the administrator shall prepare the first regular report:
   1. if the period as of the initiation of the procedure until the end of the first calendar three-month period after the initiation of the procedure is shorter than one month: for the period as of the initiation of the procedure until the end of the second calendar three-month period after the initiation of the procedure,
   2. in other cases: for the period as of the initiation of the procedure until the end of the first calendar three-month period after the initiation of the procedure.

(3) The administrator shall submit a regular report to the court in compulsory settlement proceedings within eight days, and in bankruptcy proceedings within forty-five days following the end of the period to which the report refers. Article 100

(extraordinary reports of administrator)

(1) The administrator shall, upon a request by the court or creditors’ committee, submit a written report on a certain matter significant for the conduct of the procedure, or protection, or realisation of interests of creditors in such procedure (hereinafter referred to as: extraordinary report), within eight days following the receipt of the request, unless a longer time limit for submission is determined in the request.

(2) The administrator may, within three working days, file an objection to the request of the creditors’ committee referred to in the first paragraph of this Article:
   1. because the matter which is the subject of the report requested by the creditors’ committee is not significant for the conduct of the procedure, or protection or realisation of interests of creditors in such procedure,
   2. because the time limit for the drawing up of the report is too short, considering the extent and complexity of the matter which is the subject of this report.

(3) The court shall decide on the objection of the administrator referred to in the second paragraph of this Article within three working days following the receipt of such objection.

(4) No appeal may be lodged against the decision of the court concerning the objection referred to in the second paragraph of this Article.

(5) Notwithstanding the first paragraph of this Article the administrator shall, in the event of an emergency case, immediately make an oral report to the court upon its
request, or draw up a report on an individual matter referred to in the first paragraph of this Article within three working days following the receipt of such request.

**Article 101**

*(instructions of the court to the administrator)*

(1) A presiding judge shall instruct the administrator on the work for which he is liable.

(2) The judge shall give the instructions in written form if so requested by the administrator.

**Article 102**

*(liability of administrator)*

(1) The administrator shall be liable to creditors for any damages incurred as a result of a violation of his obligations.

(2) The administrator shall be relieved of the liability if he proves:
1. that the creditor suffered damages due to incorrect or incomplete data provided in his lodgement of claims, or other acts or omissions originating on the part of the creditor,
2. that he has acted in compliance with the resolution or court order, or
3. that the damages occurred as a result of events or the actions of persons, the prevention, or avoidance or limitation of the detrimental consequences of which were beyond the administrator's capacity, although they acted with professional due diligence.

(3) The administrator shall not be relieved of liability for acting in accordance with the court's resolution or order if the creditor may prove that the issuance of such resolution or order has been achieved:
1. by providing the court intentionally or by gross negligence with incomplete or incorrect data, or
2. in any other unfair way.

(4) The administrator shall be liable to creditors for the damages referred to in the first paragraph of this Article, caused in an individual insolvency proceedings, up to the five times the amount of remuneration to which he is entitled from such procedure, but not less than EUR 5 000.

(5) The liability under the fourth paragraph of this Article shall not be limited if the performance or omission of the act has been done intentionally or by gross negligence.
Article 103

(remuneration of administrator)

(1) The administrator shall be entitled to remuneration for his work.

(2) In compulsory settlement proceedings, the remuneration of the administrator shall include:
   1. compensation for testing claims,
   2. compensation for drawing up a report on the results of voting concerning the adoption of compulsory settlement,
   3. compensation for drawing up a report on subscription and the paying up of new shares, and
   4. compensation for exercising the supervision of administrator under Article 171 of this Act.

(3) The compensations referred to in points 1, 2 and 3 of the second paragraph of this Act shall be determined in proportion to the number of claims lodged in due time, and the compensation referred to in point 4 of the second paragraph of this Article shall be determined in respect of each month of the duration of compulsory settlement proceedings.

(4) In bankruptcy proceedings the remuneration of the administrator shall include:
   1. compensation for taking over the premises, assets and operations of the debtor in bankruptcy, and for elaboration of the opening report (hereinafter referred to as: compensation for the elaboration of opening report) which is determined in proportion to the value of the assets, shown in the opening balance sheet of the debtor in bankruptcy referred to in the second paragraph of Article 291 of this Act,
   2. compensation for testing claims which is determined in proportion to the number of claims lodged in due time, and
   3. compensation for the realisation of the bankruptcy estate and distribution of the common or special bankruptcy estate which is determined in proportion to the level of the amount which is the subject of such distribution.

(5) If the administrator acts in the position of attorney and represents the debtor in bankruptcy in the court or other procedures conducted in relation to bankruptcy proceedings, the administrator shall also have the right to remuneration for representation, assessed accordingly to the attorney's price list, and related costs.

(6) In a court or any other procedure referred to in the fifth paragraph of this Article the debtor in bankruptcy shall be entitled to require a refund of remuneration and other costs referred to in the fifth paragraph of this Article under the rules concerning the refunding of the costs of proceedings.
(7) More detailed rules concerning the assessment of administrator's remuneration shall be determined by the tariff referred to in point 2 of Article 114 of this Act.

**Article 104**

*(assessment and payment of administrator's remuneration)*

(1) In compulsory settlement proceedings, the administrator shall obtain the right to require remuneration, when he has executed all acts and provided the court with the final report.

(2) In bankruptcy proceedings, the administrator shall obtain the right to require the payment:

1. of 90 per cent:
   – of the compensation for the elaboration of the opening report: when submitting to the court the opening report pursuant to Article 294 of this Act,
   – of the compensation for testing claims: when submitting to the court the final list of the tested claims pursuant to Article 70 of this Act,
   – of the proportional part of the compensation referred to in point 3 of the fourth paragraph of Article 103 of this Act: when submitting to the court the final distribution plan,

2. of 10 per cent of all compensations: when submitting to the court his final report pursuant to Article 375 of this Act.

(3) If the administrator is dismissed due to a breach of his obligations, he shall not be entitled to a remuneration.

(4) If the administrator is dismissed upon his own request, he shall be entitled to a part of remuneration, proportionate to the extent of the acts executed before his dismissal, decreased by a flat-rate allowance for taking over the operations of a dismissed administrator, which shall be, under the fifth paragraph of this Article, paid to the new administrator.

(5) The administrator appointed during the dismissal procedure of the previous administrator, shall have the right to:

1. flat-rate compensation for taking-over operations from the dismissed administrator, and

2. part of remuneration proportionate to the extent of the acts executed from the taking-over operations from the previous administrator until the conclusion of the procedure.

(6) The assessment of compensations included in the remuneration, and the flat-rate compensation, shall be decided by the court upon the request of the administrator.
(7) The court shall decide on the assessment of compensations included in the remuneration, and the flat-rate compensation within eight days following the receipt of the administrator’s request.

(8) The remuneration and the flat-rate compensation shall be paid as a cost of procedure after the resolution on the assessment referred to in the seventh paragraph of this Article becomes final.

(9) The administrator may also appeal against a resolution on the assessment of compensations included in the remuneration and the flat-rate compensation.

(10) An appeal against a resolution concerning the assessment of compensations included in the remuneration and the flat-rate compensation, shall restrain the implementation of the resolution.

Article 105
(administrator’s costs)

(1) The administrator shall have the right to compensation for costs incurred during the performance of the tasks and competencies of administrator.

(2) Compensation of costs to the administrator incurred in an individual month shall be decided by the court issuing a resolution with which it decides on the payment of other current costs of the procedure for such month.

(3) An appeal against a resolution on the compensation of costs to the administrator shall, mutatis mutandis, be subject to the ninth and tenth paragraphs of Article 104 of this Act.

Subsection 3.6.2: Supervision of administrators

Article 106
(competence for supervision of administrators)

(1) The ministry competent for justice shall be competent to execute the supervision of the administrator pursuant to the rules laid down in Subsection 3.6.2 of this Act.

(2) The ministry competent for justice shall be entitled, to the extent necessary for performing supervision referred to in the first paragraph of this Article, to direct access and to obtain data from the central population register, business register, and data kept by other managers of personal data.
(3) For the procedure of deciding on matters regulated in Subsection 3.6.2 of this Act, the act shall apply which regulates general administrative procedures.

**Article 107**

**(commission)**

(1) The minister competent for justice shall appoint a commission as his counselling body, composed of:
1. two independent experts in the field of insolvency law,
2. two judges adjudicating in insolvency proceedings, and
3. a representative of the ministry competent for justice.

(2) Members of the commission shall be appointed for five years and may be re-appointed thereafter.

(3) The commission shall provide the minister with opinions concerning the issue and withdrawal of authorisations for the performance of the function of administrator, and concerning other matters in relation to the implementation of this Act.

(4) The work of the commission shall be headed by the president elected by the members of the commission among themselves.

(5) The commission shall adopt rules of procedure for its work.

(6) The resources necessary for the work of the commission, as well as administrative, technical and other conditions for the work of the commission shall be provided by the ministry responsible for justice.

**Article 108**

**(authorisation to perform the function of administrator)**

(1) The function of administrator may be performed only by a person who possesses a valid authorisation by the minister responsible for justice to perform the function of the administrator in insolvency proceedings and compulsory liquidation proceedings (hereinafter referred to as: authorisation to perform the function of administrator).

(2) The minister responsible for justice shall issue the authorisation to perform the function of administrator to a person who meets the following conditions:
1. is a citizen of the Republic of Slovenia, or a Member State of the European Union, or a Member State of the European Economic Area, and has a working knowledge of Slovenian language,
2. has a legal capacity and general health capacity,
3. holds at least higher education of the first degree in a legal or economic field, or equivalent abroad recognised pursuant to the act governing the recognition and evaluation of education, or an authorisation for performing the tasks of auditor or authorised auditor pursuant to the act governing auditing,
4. has at least three years working experience of working professional education, as referred to in point 3 of this paragraph,
5. has insurance covering his liability referred to in the first paragraph of Article 102 of this Act, for the lowest insured sum of EUR 150 000 in a single year,
6. has passed a proficiency examination for performing the function of an administrator,
7. is worthy of public confidence to perform such function.

(3) The conditions set out in point 7 of the second paragraph of this Article shall not be considered met by a person who has a reason to believe on the basis of his previous work, action or behaviour that his performance of the function of administrator will not be professional, honest and conscientious, or has been lawfully convicted of a criminal offence committed with intent, which is prosecuted ex officio, or for one of the following criminal offences committed through negligence: causing death through negligence, serious bodily harm, extremely serious physical injury, threatening safety at work, concealment, treason and the illegal obtaining of a business secret, money laundering, betraying an official secret, causing general danger, or betrayal of a state secret, and if the sentence for such an offence has not yet been cancelled from the criminal record.

(4) The minister responsible for justice shall refuse a request concerning the issue of an authorisation for performing the function of administrator if:
1. the person lodging the request does not meet the conditions referred to in the second paragraph of this Article, or
2. the person lodging the request has already had their authorisation for performing the function of administrator withdrawn.

Article 109
(withdrawal and termination of authorisation for performing the function of administrator)

(1) The minister responsible for justice shall withdraw the authorisation for performing the function of administrator from the administrator if:
1. he violates the obligations referred to in the third paragraph of Article 98 of this Act,
2. he commits a serious offence related to other obligations of the administrator,
3. he is lawfully convicted of a criminal offence as referred to in the third paragraph of Article 108 of this Act, or
4. he ceases to meet the condition referred to in point 5 of the second paragraph of Article 108 of this Act.

(2) The violation of obligations referred to in point 2 of the first paragraph of this Article shall have the characteristics of a serious offence if:
1. the administrator commits an offence of the same characteristics for the second time within a five-year period, or
2. a violation of obligations raised the damages for the assets of the insolvent debtor which belongs to the bankruptcy estate.

(3) A decision on the withdrawal of authorisation for performing the function of an administrator shall be final.

(4) The withdrawal of authorisation for performing the function of administrator shall be decided by the minister responsible for justice upon the proposal by the court conducting insolvency proceedings, whereby the administrator has committed the violation, which is the reason for the withdrawal of authorisation, or ex officio.

(5) The authorisation to perform the function of administrator shall cease to apply:
1. if the administrator loses nationality of the Republic of Slovenia, or a Member State of the European Union, or a Member State of the European Economic Area, without acquiring at the same time, the nationality of another state which is either the Republic of Slovenia, or a Member State of the European Union, or a Member State of the European Economic Area,
2. if the administrator has been issued a final decision on the withdrawal of legal capacity,
3. if the administrator issues a written statement, containing his authenticated signature, requesting deletion from the list of administrators,
4. if the administrator dies.

(6) The minister responsible for justice shall issue a decision on the termination of validity of the authorisation for performing the function of administrator.

Article 110
(list of administrators)

(1) The minister responsible for justice shall keep a list of administrators.

(2) The list shall contain, in respect of each person holding a valid authorisation for performing the function of administrator:
1. identification data on the administrator,
2. the number and date of issue of the authorisation for performing the function of administrator,

3. the court where the person performs the function of administrator,

4. for any insolvency proceedings or liquidation proceedings whereby the person performs the function of administrator:
   – the court conducting the proceedings, personal name of the judge and reference number of the procedure,
   – the personal name or business name and address of the debtor,
   – the type of procedure,
   – the starting date of the procedure,
   – the date of termination of the procedure,

5. the date of entry in the list of administrators,

6. a period of temporary cessation of appointment of the administrator in new matters,

7. the date of cancellation from the list of administrators, and the reason thereof.

(3) Identification data on the administrator shall be the following:

1. personal name,

2. address of permanent residence,

3. date of birth,

4. identification number, namely:
   – personal identification number if the administrator is entered in the central population register, or
   – tax number in other cases,

5. if the administrator performs the competencies and tasks of the administrator as his profession in the legal form or a lawyer or sole proprietor also the data entered in the business register:
   – business name and address, and business address,
   – registration number.

(4) The list of administrators shall be published on the websites for publications in insolvency proceedings referred to in Article 122 of this Act.

(5) Data shall be kept and published in the list of administrators with the aim of verifying the conditions for the appointment of an administrator in an individual procedure, and to supervise the administrators.

**Article 111**

(selection of the court whereby the administrator performs the function of administrator)
(1) A person holding a valid authorisation for performing the function of administrator shall choose at least one, and may choose five, at the most, district courts at which to perform the function of administrator.

(2) A selection of the district court under the first paragraph of this Article shall include also all local courts within the territory of the selected district court.

(3) The person shall attach a statement concerning the selection of the court under the first paragraph of this Article to his request for the issue of authorisation for performing the function of administrator.

(4) The person may change the selection of courts by means of a statement submitted to the ministry responsible for justice not earlier than one year after the person’s previous selection has come into force.

(5) The minister responsible for justice shall:
   1. draw up a list of administrators for an individual district court (hereinafter referred to as: list of selected administrators of an individual district court),
   2. if the change of the selection of courts complies with the first, second and fourth paragraphs of this Article, the minister shall enter in the list of administrators the change of courts referred to in point 3 of the second paragraph of Article 110 of this Act,
   3. if the change of the selection of courts is contrary to the first, second and fourth paragraphs of this Article, the minister shall refuse the statement on the change.

(6) The minister responsible for justice shall decide under the fifth paragraph of this Article within eight days following the acceptance of the statement on the change of selection of courts.

(7) The change of selection of courts shall come into effect with the entry of such change in the list of administrators, and shall not affect the competencies and tasks of the person in procedures where he has been appointed administrator prior to when such change of selection came into effect.

(8) If the number of administrators are selected for a district court which do not suffice with regard to the average number of cases conducted by such court and local courts in its territory, the minister responsible for justice shall, upon the proposal by such court, determine the number of additional administrators.

(9) The notice of determination of the number of additional administrators under the eighth paragraph of this Article shall be published by the ministry responsible for justice on the websites for notices in insolvency proceedings referred to in Article 61.
122 of this Act, together with a call to administrators to make an additional selection of a district court to which the notice refers.

(10) The limitation laid down in the first paragraph of this Article shall not apply to an additional selection of a district court based on the call under the ninth paragraph of this Article.

(11) If statements on the additional selection of a district court to which the notice refers are submitted to the ministry responsible for justice by an insufficient number of administrators within fifteen days following the publication and the notice referred to in the ninth paragraph of this Article, the minister responsible for justice shall issue a decision within eight days after the expiry of such time limit on determining additional administrators who shall perform their function also for this court.

(12) The minister responsible for justice shall select additional administrators under the eleventh paragraph of this Article among administrators who, pursuant to the first paragraph of this Article, have selected fewer than three courts.

(13) If the number of administrators referred to in the twelfth paragraph of this Article is higher than the necessary additional number of administrators, those administrators shall be appointed as additional whose names have been listed later in the list of administrators.

**Article 112**

**(temporary stay of appointment as administrator in new matters)**

(1) A person entered in the list of administrators may request that his appointment as administrator in new matters is temporarily stayed:
1. if being appointed to a state or international function that requires professional performance: for the duration of such function,
2. in other cases: for the period indicated in the request, but not less than three months.

(2) The minister responsible for justice shall enter in the list of administrators the period of temporary stay of appointment as administrator in new matters referred to in point 6 of the second paragraph of Article 110 of this Act.

(3) The minister responsible for justice shall decide under the second paragraph of this Article within eight days following the acceptance of the request for temporary stay of appointment as administrator in new matters.

(4) The period of temporary stay of appointment as administrator in new matters shall start with the entry of such legal fact in the list of administrators.
Article 113
(keeping a list of administrators)

(1) The ministry responsible for justice shall within three working days following the issue of a decision:
1. enter the person issued an authorisation for performing the function of administrator in the list of administrators,
2. cancel a person withdrawn the authorisation for performing the function of administrator or if such authorisation ceases to be valid under the fifth paragraph of Article 109 of this Act, from the list of administrators.

(2) In the list of administrators the identification number of the administrator shall be entered, while his other identification data shall be taken automatically on the basis of the connection of the central population register, tax register and business register (hereinafter referred to as: central registers) with the list of administrators, from such registers and are thus entered in the list of administrators.

(3) If the identification data of the administrator in the central register are changed, such changes shall be automatically, on the basis of the connection with the central register, taken on by the list of administrators.

(4) Changes to identification data which are not entered in the central registers shall be notified by the administrator to the ministry responsible for justice, within fifteen days following the occurrence of such changes.

(5) The ministry responsible for justice shall inform all courts conducting insolvency proceedings in the first instance of the entry of any change in the list of administrators, within three working days following such entry.

(6) Courts shall inform the ministry responsible for justice within three working days following the issue of a decision on the appointment or dismissal of an administrator, of the data referred to in point 4 of the second paragraph of Article 110 of this Act.

Article 114
(regulations concerning administrators)
The minister responsible for justice shall prescribe:
1. a programme and the method of passing the proficiency examination for performing the function of administrator,
2. a tariff for assessing the remuneration of administrators, and the lump-sum compensation for assuming the operations of a dismissed administrator,
3. more detailed rules concerning the costs to which an administrator is liable, and the lump-sum for covering other costs of bankruptcy proceedings which terminate with no distribution to creditors, as referred to in point 3 of Article 233 of this Act,
4. more detailed rules concerning keeping the list of administrators,
5. more detailed rules concerning the content and method of notification under the fifth and sixth paragraphs of Article 113 of this Act.

Subsection 3.6.3: Appointment and dismissal of administrators

Article 115

(conditions for appointment as administrator)

(1) In insolvency proceedings a person may be appointed as administrator pursuant to Article 116 of this Act:
1. who is entered in the list of administrators and
2. the court conducting the procedure is entered in the list of administrators for such person as the court with which the person performs the function of administrator.

(2) Notwithstanding the first paragraph of this Article a person may not be appointed as administrator, who:
1. is at the same time a debtor or creditor of an insolvent debtor,
2. has in the last two years prior to the introduction of insolvency proceedings – performed the function of a member of the management, member of the supervisory body, or a holder of procuration of the insolvent debtor,
– has been employed by the insolvent debtor, or
– has been on the basis of a contract or other legal basis in a business relationship with the insolvent debtor,
3. has in relation to the person referred to in points 1 or 2 of this paragraph the position of a closely related person,
4. already performs the function of administrator in insolvency proceedings against another company which has in relation to the insolvent debtor the position of an associated company under Article 527 of ZGD-1,
5. if other circumstances exist which raise a doubt regarding the person's impartiality when performing the function of administrator in such procedure.

(3) The person shall decline the appointment as administrator in individual insolvency proceedings if obstacles exist to the appointment of such person as referred to in the second paragraph of this Article.

(4) The person may decline the appointment as administrator in individual insolvency proceedings only in the case referred to in the third paragraph of this Article, or if the appointment of such person as administrator has been subject to a temporary stay under Article 112 of this Act.
Article 116
(appointment procedure of administrators)

(1) An administrator shall be appointed by the court issuing a resolution on the initiation of insolvency proceedings.

(2) If the former administrator is dismissed, the court shall appoint a new administrator with the resolution with which it decides on the dismissal of the former administrator.

(3) As administrator, the court shall appoint another person each time from the list of selected administrators of a particular district court, in the order as they are entered in the list referred to in Article 111 of this Act, taking into account the order of caseload. The appointment shall thereby be such that the same person performs the function of administrator:
   1. if only one judge adjudicates in the court in insolvency proceedings, in five proceedings at the most conducted by such court,
   2. in other cases in at the most:
      – three procedures presided by the same judge and
      – in total five procedures conducted by such court.

(4) When assessing the limitation referred to in the third paragraph of this Article, personal bankruptcy proceedings or legacy bankruptcy proceedings shall be considered in such a manner as to multiply the number of such proceedings with the quotient 0.5.

(5) The limitations referred to in points 1 or 2 of the third paragraph of this Article shall be exceeded only when the number of administrators performing the function of administrator with the court is smaller than the number necessary for taking such limitations into consideration.

(6) The third paragraph of this Article shall not apply to the appointment of an administrator who is the subject of the deciding by the court on the basis of a proposal of the competent supervisory body under the act regulating banking and insurance.

Article 117
(position of administrator)

(1) An administrator shall be appointed as a natural person.
(2) If the administrator performs the competencies and tasks of the administrator as his profession in the legal form or as a lawyer or sole proprietor, also such legal form shall be indicated in the resolution on appointment.

**Article 118**

(Reasons for dismissal of administrator)

The administrator shall be dismissed:
1. if he violates the obligations of an administrator in the procedure in which he is appointed,
2. if he has been withdrawn the authorisation for performing the function of administrator,
3. if the authorisation for performing the function of administrator has ceased to be valid under the fifth paragraph of Article 109 of this Act,
4. if he is not able to continue to perform his function due to illness, working incapability or death.

**Article 119**

(Deciding on the dismissal of an administrator)

(1) The dismissal of an administrator shall be the subject of a decision by the court ex officio, upon the request by the administrator or upon a request filed by the creditors' committee or each creditor.

(2) The court shall, within three working days following its receipt, deliver the request of the creditors' committee or the creditor referred to in the first paragraph of this Article to the administrator, who may declare thereupon within fifteen days following the receipt.

(3) The second paragraph of this Article shall apply mutatis mutandis also when the court assesses ex officio that reasons exist for dismissal of the administrator.

(4) The court shall decide on the request referred to in the first paragraph of this Article within eight days following the expiry of the time limit for the statement of the administrator referred to in the second paragraph of this Article.

(5) A court’s resolution on the dismissal of the administrator shall be served to the administrator, and if the court has decided upon a request by the creditors' committee or a creditor referred to in the first paragraph of this Article, also to the person lodging the request.

(6) The administrator shall have the right to appeal against the resolution of the court on dismissal.
(7) Only the person lodging the request shall have the right to appeal against the resolution of the court on refusal of the request by the creditors' committee or the creditor for dismissal of the administrator.

(8) Other creditors, except the person lodging the request, shall not have the right to appeal against the resolution of the court on the dismissal of the administrator.

Article 120

(legal consequences of dismissal of administrator)

(1) When a resolution on dismissal is issued, the right of the dismissed administrator to represent the insolvent debtor, as well as all his competencies in the procedure shall terminate.

(2) The dismissed administrator shall within eight days following the receipt of the resolution on dismissal:
1. draw up a report for the period from the end of the three-month period which is the subject of his previous report, up to his dismissal and
2. hand over to the new administrator all documentation on operations which he has executed for the insolvent debtor, and on other acts which he has executed in the procedure.

(3) If the administrator dies, the acts under point 2 of the second paragraph of this Article shall be executed by a person performing accountancy services for the debtor in bankruptcy. If the deceased administrator has performed accountancy services by himself, such acts shall be executed by the presiding judge.

Section 3.7: Other rules of procedure

Article 121

(subordinated application of the rules of civil procedure)

(1) Other questions in relation to insolvency proceedings which are not regulated otherwise by this Act shall, mutatis mutandis, be subject to the rules of the act governing civil procedure.

(2) In insolvency proceedings, a reinstatement may no longer be moved, or a motion to reopen proceedings may no longer be brought, or a revision may no longer be lodged.

(3) Whoever misses the time limit or fails to appear at hearing where he should give or submit proposals, statements or objections, he shall no longer be able to give or submit them after the time limit has expired, or the hearing has been concluded.
Article 122
(websites for publications in insolvency proceedings)

(1) On the websites for publications in insolvency proceedings the following shall be published in relation to an individual proceeding:
1. the following data on individual insolvency proceeding:
   – identification data of the insolvent debtor,
   – the court conducting the proceedings and reference number of the proceeding,
   – identification data on the administrator,
   – start of the proceeding, expiry of the time limit for lodging a claim in the proceeding, and data on other procedural acts in the proceeding,
   – in the case of a bankruptcy proceeding also: data on the amount of the bankruptcy estate and portions of repayments of creditors,
2. all resolution issued in such proceeding, except:
   – a resolution on collection of regular remunerations referred to in Article 393 of this Act,
   – a resolution on the collection of financial assets referred to in Article 394 of this Act and
   – a resolution on the termination of further the collection of regular remunerations, or seizure of financial assets referred to in the third paragraph of Article 410 of this Act,
3. notice of the initiation of the proceeding, notice of the fixing of a hearing, and other notices or calls for a vote issued under this Act by the court,
4. all minutes of hearings and course of meetings of the creditors’ committee,
5. administrator’s reports and documents attached thereto, and in compulsory settlement proceeding also the reports of the insolvent debtor and documents attached thereto,
6. lists of tested claims,
7. the lodgements of parties to the proceedings and other court records the publication of which is provided for by this Act,
8. in bankruptcy proceeding also all calls for public auctions and invitations to make offers in relation to the realisation of the bankruptcy estate.

(2) Websites for publications in insolvency proceedings shall be managed by the agency.

(3) Websites for publications in insolvency proceedings shall be arranged in such a manner as to enable anyone free insight into data published therein, namely:
1. by the date of publication,
2. by the identification data of an insolvent debtor, or
3. by the court and reference number of insolvency proceedings.
(4) It is considered, and evidence to the contrary shall not be allowed, that the party to insolvency proceedings, or another person, has become familiar with the content of the court decision, lodgements of other parties to such proceedings, or other legal action referred to in the first paragraph of this Article, by the expiry of eight days following the publication of such legal action.

(5) For publications under the first paragraph of this Article a lump-sum compensation shall be paid when the notice of the initiation of the procedure is published, as laid down in the tariff of the agency in respect of the type of procedure. Compensation referred to in the first sentence of this paragraph shall be paid to the agency by the court to be deducted from the advance payment referred to in the fifth paragraph of Article 141 or first paragraph of Article 233 of this Act.

(6) The agency shall accept the tariff for determining compensation referred to in the fifth paragraph of this Article with the consent of the minister responsible for justice.


(8) By means of the regulation referred to in the seventh paragraph of this Article, the Government of the Republic of Slovenia may also:

1. determine that data referred to in the first paragraph of this Article are published also on public websites intended for joint publications of data on insolvency proceedings in more Member States of the European Union which are established and managed on the basis of an agreement between the competent bodies of Member States of the European Union and

2. manage more detailed rules on such publications.

**Article 123**

*(services)*

(1) In preliminary insolvency proceedings, court records and letters of clients shall be served to the clients in the proceedings.

(2) In main insolvency proceedings court records and letters of clients or administrators shall be served only if so provided for by law in respect of a particular letter, and to a person the service to whom is provided for by law.

**Article 124**

*(decisions)*

(1) In insolvency proceedings the court shall decide with a resolution or an order.
(2) The court shall issue an order to the administrator containing instructions for his work.

(3) On matters other than those specified under the second paragraph of this Article, the court shall decide with a resolution.

Article 125
(appeal against a resolution)

(1) An appeal may be filed against a resolution unless otherwise provided for by the law in respect of a certain resolution.

(2) The appeal shall not restrain the implementation of the resolution unless otherwise provided for by the law in respect of a certain resolution.

Article 126
(capacity ad processum for lodging an appeal)

(1) All parties to insolvency proceedings shall have the right to lodge an appeal against a resolution, unless it is provided for by law for an individual resolution that only certain clients may lodge an appeal.

(2) The administrator or another person who is not a client in the proceedings shall have the right to lodge an appeal against the resolutions which are so allowed by law.

Article 127
(time limit for appeal)

(1) An appeal shall be lodged within fifteen days.

(2) The time limit specified in the first paragraph shall start:
1. for persons who shall be served the resolution pursuant to this Act: as of the service of the resolution,
2. for other persons: as of the publication of the resolution.

Article 128
(deciding on an appeal)

(1) A belated or inadmissible appeal shall be rejected by the court of first instance.

(2) If the court establishes that the timely instituted and admissible appeal is substantiated, it may replace the resolution challenged by the appeal with a new resolution.
(3) If the court of the first instance does not decide under the first or second paragraphs of this Article, it shall refer the case to the court of the second instance to decide on the matter.

Article 129

(costs of the creditor)

Each creditor shall bear his own costs of participation in insolvency proceedings.

Section 3.8: Effects of insolvency proceedings on enforcement and securing proceedings

Article 130

(application of section 3.8)

(1) Section 3.8 of this Act shall apply for all enforcement or securing proceedings conducted by the court (hereinafter referred to as: enforcement court).

(2) Section 3.8 and other rules of this Act concerning enforcement or securing proceedings conducted by the court shall apply mutatis mutandis also for tax execution procedures and other enforcement or securing proceedings, conducted by another state body.

Article 131

(non-permission of enforcement or securing)

(1) After insolvency proceedings have been initiated, issuing an order on execution or securing against the insolvent debtor shall not be permitted.

(2) The first paragraph of this Article shall not apply to an enforcement on the basis:
1. of final resolutions:
   – issued by the court conducting such procedure, in insolvency proceedings and
   – for which the law provides to be the executory title,
2. final court decisions or decisions of another state body, issued in the procedure referred to in Section 5.6 of this Act, in the part where the insolvent debtor has been imposed the compensation of costs of the procedure by this decision,
3. court decisions issued on a claim the subject of which is a claim which is paid in bankruptcy proceedings as a cost of the procedure, or executory titles issued in an administrative procedure on the basis of which the debtor shall have to settle the liability which is paid in bankruptcy proceedings as a cost of the procedure,
4. a decision which imposes on the insolvent debtor the payment of taxes for acts carried out in such procedure after the insolvency procedure is initiated.

(3) The first paragraph of this Article shall not apply for securing:
1. a creditor’s claim for the exercising the right to separate settlement or exclusion right, except if the creditor in bankruptcy proceedings has missed the time limit for declaring such right,
2. claims which are paid in bankruptcy proceedings as the cost of proceedings.

Article 132
(interruption of the enforcement or securing procedure)

(1) Enforcement and securing procedures started prior to the initiation of insolvency proceedings shall be interrupted upon the initiation of insolvency proceedings.

(2) The enforcement and securing procedures referred to in the first paragraph of this Article shall be continued only upon the resolution by the court conducting insolvency proceedings which are provided for by this Act to represent the basis for the continuation of enforcement and securing procedure.

Section 3.9: Entries of legal facts in relation to insolvency proceedings in a court or business register

Article 133
(register where the entry is performed)

If it is provided for by this Act that the initiation of insolvency proceedings, a court resolution issued in such proceedings, or other legal fact associated with such proceedings should be entered in the register, such legal fact shall be entered:
1. in the court register if the debtor has the position of a company or other legal entity which is the subject of entry in the court register, or
2. in the business register if the debtor has the position of:
   – a sole proprietor or other natural person who is the subject of entry in the business register, or
   – a legal entity which is not the subject of entry in the court register and is the subject of entry in the business register.

Article 134
(deciding on entry in the register)

(1) The court shall, the next working day following the occurrence of the legal fact referred to in Article 133 of this Act, notify thereof:
1. if the debtor has the position of a company or other legal entity which is the subject of entry in the court register: the register court with the territorial jurisdiction to decide on entries in the court register regarding such subject, or
2. if the debtor has the position of a person referred to in point 2 of Article 133 of this Act: the agency as the manager of the business register.
(2) To the notification referred to in the first paragraph of this Article the court shall attach its resolution which represents the basis for the occurrence of the legal fact which is the subject of the notification.

(3) The registry court or agency shall decide on the entry of the legal fact referred to in Article 133 of this Act ex officio on the basis of the notification referred to in the first paragraph of this Article.

4. Chapter 4 COMPULSORY SETTLEMENT PROCEEDINGS

Section 4.1: Basic rules of compulsory settlement proceedings

Article 135

(debtor in compulsory settlement proceedings)

(1) Compulsory settlement proceedings shall be conducted:
   1. against a legal entity which is organised as a company or cooperative, unless otherwise provided for by an act in respect of a particular company or cooperative with regard to the activity it performs and
   2. against a sole proprietor.

(2) Compulsory settlement proceedings may also be conducted against a legal entity which is organised in another legal form if the law provides that compulsory settlements proceedings may be conducted against the legal entity organised in such a legal organisational form.

Article 136

(intention of compulsory settlement proceedings)

Compulsory settlement proceedings shall be conducted in order to:
   1. enable the debtor who became insolvent to financially restructure, which provides for his liquidity and solvency, and
   2. ensure the creditors more favourable payment conditions for their claims than would be the case in the initiation of bankruptcy proceedings against the debtor.

Article 137

披露 debtor’s financial situation)

In compulsory settlement proceedings, the debtor shall disclose to the creditors his financial position and operation, and provide them with all information necessary to assess:
   1. whether the debtor is insolvent,
   2. whether the execution of the financial restructuring plan would enable a financial restructuring of the debtor which would provide for his liquidity and solvency and
3. whether the confirmation of the compulsory settlement proposed by the debtor would ensure the creditors more favourable payment conditions for their claims as this would be in the case of initiation of bankruptcy proceedings against the debtor.

**Article 138**

*(entries in the register in relation to compulsory settlement proceedings)*

(1) The following shall be entered in the register:
1. initiation of compulsory settlement proceedings,
2. termination of compulsory settlement proceedings and initiation of bankruptcy proceedings and
3. refusal of a proposal for compulsory settlement.

(2) The final resolution on confirmation of the compulsory settlement shall be the basis for entry in the register of:
1. the reference number of the procedure, the date of issue of the resolution and the court issuing the resolution on confirmation of the compulsory settlement,
2. the content of the confirmed compulsory settlement providing data referred to in point 2 of the first paragraph of Article 210 of this Act.

(3) If a confirmed compulsory settlement is annulled, the final resolution on annulment of the confirmed compulsory settlement shall represent the basis for the entry in the register upon the second paragraph of this Article of the following:
1. that the confirmed compulsory settlement has been finally annulled and
2. data referred to in point 1 of the second paragraph of this Article concerning the resolution on annulment of the confirmed compulsory settlement.

**Section 4.2: Preliminary compulsory settlement proceedings**

**Subsection 4.2.1: Petition for instituting compulsory settlement proceedings**

**Article 139**

*(entitled petitioner)*

(1) The initiation of compulsory settlement proceedings shall be decided by the court upon petition of an entitled petitioner for instituting the proceedings.

(2) A petition for instituting compulsory settlement proceedings shall be lodged by:
1. a debtor and
2. a personally liable shareholder of the debtor.

**Article 140**

*(procedural obstacles to conducting compulsory settlement proceedings)*
(1) A compulsory settlement petition shall not be permitted if lodged before the expiry of:
1. three years from the day when the debtor has settled all liabilities from a previous compulsory settlement, or
2. the time limit referred to in the fifth paragraph of Article 149, or the second paragraph of Article 179 of this Act.

(2) After bankruptcy proceeding is initiated, no further petitions for instituting compulsory settlement proceedings shall be permitted.

**Article 141**

**(petition for instituting compulsory settlement proceedings)**

(1) A petition for instituting compulsory settlement proceedings shall contain:
1. identification data on the debtor and
2. a claim to the court to initiate compulsory settlement proceedings against the debtor.

(2) A petition for instituting compulsory settlement proceedings shall be attached by:
1. a report on the financial situation and operations of the debtor,
2. an auditor’s report, with the auditor’s opinion without reservation,
3. a financial restructuring plan,
4. a report of a certified business evaluator containing his unqualified opinion and
5. evidence of the tax paid for a resolution on the initiation of compulsory settlement proceedings, and of the advance payment.

(3) The petition for instituting compulsory settlement proceedings shall be considered to include also a subordinated claim that the court initiates bankruptcy proceedings if it rejects or refuses the petition for instituting compulsory settlement proceedings.

(4) The application of the third paragraph of this Article may not be excluded by petition for instituting compulsory settlement proceedings.

(5) When presenting a petition for instituting compulsory settlement proceedings, a petitioner shall pay an advance amounting to:
1. the amount of a lump-sum compensation for notifications referred to in the fifth paragraph of Article 122 of this Act and
2. the minimum amount of compensation for the administrator referred to in point 1 of the fourth paragraph of Article 103 of this Act to cover the initial costs of bankruptcy proceedings in the event if compulsory settlement proceedings would be terminated and bankruptcy proceedings would be initiated.

**Article 142**
(report on the financial situation and operations of the debtor)

(1) A report on the financial situation and operations of the debtor shall contain:
1. financial statements prepared in accordance with the selected framework of financial reporting of the debtor, namely:
   – a balance sheet, the balance sheet date of which is the last day of the last calendar three-month period that has ended prior to the introduction of compulsory settlement proceedings and
   – an income statement and cash flow statement of the debtor for the period as of the start of the last business year of the debtor up to the balance sheet date of the balance sheet referred to in point 1 of this paragraph,
2. explanations of the financial statements referred to in point 1 of this paragraph,
3. a list of ordinary claims against the debtor, classified by the size of the total amount of claims of an individual creditor, including in respect of each creditor:
   – identification data on the creditor and
   – the total amount of the creditor’s claims according to the balance as of the balance sheet date of the balance sheet referred to in point 1 of this paragraph,
4. if subordinated claims of creditors against the debtor exist, also the list of such claims with data referred to in point 3 of this paragraph,
5. a list of the debtor’s creditors with the right to separate settlement, including in respect of each such creditor:
   – data referred to in point 3 of this paragraph,
   – the legal basis for the acquisition of an exclusion right and,
   – description of the assets which are the subject of the exclusion right,
6. the amount of average monthly costs of the continuing operation of the debtor in the last year prior to the balance sheet date of the balance sheet referred to in point 1 of this paragraph.

(2) A report on the financial situation and operations of the debtor shall be audited by an auditor.

(3) The auditing of the report on the financial situation and operation of the debtor shall, mutatis mutandis, be subject to international auditing standards and auditing practice statements, adopted with a view to auditing this report by the Slovenian Institute of Auditors.

Article 143

(compulsory settlement petition by reducing or suspending the maturity of the claim)

(1) A compulsory settlement petition shall be an offer by the debtor to creditors, to agree on reducing their ordinary claims and suspend their payment time limits.
(2) By the compulsory settlement petition, the debtor shall offer each creditor the same portion of payment of their ordinary claims, the same time limits for their payment, and interest at the same interest rate from the initiation of compulsory settlement proceedings until the expiry of the time limit for the payment of interest.

(3) A compulsory settlement petition shall contain:
1. regarding unsecured claims of creditors:
   – the total amount of such claims according to the balance as of the balance sheet date of the balance sheet referred to in the first indent of point 1 of the first paragraph of Article 142 of this Act,
   – a portion of the payment of such claims, time limits for their payment and the interest rate which applies for the claims of creditors during the period as from the initiation of compulsory settlement proceedings until the expiry of the suspended time limit for their payment,
2. a description and the total amount of priority claims, and the total amount of secured claims, and an indication that compulsory settlement proceedings, if confirmed, shall not have the effect for holders of priority and secured claims,
3. a description and the total amount of eventual subordinated claims, and an indication that subordinated claims shall terminate if the compulsory settlement is confirmed.

Article 144
(alternative compulsory settlement petition by conversion of claims into shares)

(1) If the debtor is organised as a company he may, through a compulsory settlement petition, offer the creditors:
1. to either agree with the reduction and suspension of the maturity of their ordinary claims
2. or transfer such claims to the debtor as an in-kind contribution based on the increase in the share capital of the debtor.

(2) The debtor may make the offer referred to in point 2 of the first paragraph of this Article also to creditors who are holders of secured or subordinated claims.

(3) If the debtor presents the compulsory settlement petition referred to in the first paragraph of this Article, such a proposal shall be, in addition to the rules laid down in Article 143 of this Act, also subject to the rules laid down in the fourth to seventh paragraphs of this Article.

(4) Upon the debtor's proposal of compulsory settlement referred to in the first paragraph of this Article, each creditor shall be offered the same number of shares, or the same nominal amount of the subscribed contribution for each euro of the claim
transferred as an in-kind contribution, unless otherwise provided for in the fifth or sixth paragraphs of this Article.

(5) If the debtor makes the proposal referred to in point 2 of the first paragraph of this Article also to creditors who are holders of secured claims, they could be offered a larger number of shares or a larger nominal amount of the subscribed contribution for each euro of the secured claim, transferred as an in-kind contribution, than the number of shares or the nominal amount of the subscribed contribution, offered for each euro of the ordinary claim transferred as an in-kind contribution.

(6) If the debtor makes the proposal referred to in point 2 of the first paragraph of this Article also to creditors who are holders of subordinated claims, they could be offered a smaller number of shares or a smaller nominal amount of the subscribed contribution for each euro of the subordinated claim, transferred as an in-kind contribution, than the number of shares or the nominal amount of the subscribed contribution offered for each euro of the ordinary claim transferred as an in-kind contribution.

(7) The compulsory settlement petition referred to in the first paragraph of this Article shall contain:
1. regarding ordinary claims of creditors, in addition to data referred to in point 1 of the third paragraph of Article 143 of this Act, also:
   – if the debtor is organised as a limited liability company, the nominal amount of the subscribed contribution acquired by the creditor for each euro of the claim transferred as an in-kind contribution, or
   – if the debtor is organised as a public limited company, the number of shares acquired by the creditor for each euro of the claim transferred as an in-kind contribution, and the contents of the rights from such shares,
2. data referred to in point 2 of the third paragraph of Article 143 of this Act, and if the debtor has made to the holders of secured claims the offer referred to in the second paragraph of this Article, also data referred to in point 1 of this paragraph,
3. regarding the execution of the increase in share capital:
   – the minimum amount of ordinary or secured claims which creditors shall transfer to debtors as an in-kind contribution, so as to provide for a successful realisation of the debtor’s financial restructuring,
   – if the debtor shall, along with the increase, execute a simplified decrease in the share capital in order to cover the losses that have not been offset, the nominal amount of the decrease in the share capital,
4. in the case of existing subordinated claims of creditors against the debtor:
   – if the debtor has made to the holders of such claims the offer referred to in the second paragraph of this Article: in addition to data referred to in point 3 of the third paragraph of Article 143 of this Act, also data referred to in point 1 of this paragraph,
if the debtor has not made such offer: data referred to in point 3 of the third paragraph of Article 143 of this Act.

Article 145

(financial restructuring plan)

A financial restructuring plan shall contain:
1. a description of the facts and circumstances indicating the insolvency of the debtor,
2. the compulsory settlement petition with the content referred to in the third paragraph of Article 143, or the fourth and seventh paragraphs of Article 144 of this Act,
3. the estimation of the portion of the paid unsecured claims of creditors and the relevant time limits for payment in the event of bankruptcy proceedings being initiated against the debtor,
4. a description of other financial restructuring measures to be executed by the debtor, and in respect of each of such measures:
   – the timetable for their execution,
   – the estimation of the costs of execution and
   – the estimation of the effects of the execution of the measures to eliminate the causes of the insolvency, and the liquidity and solvency of the debtor,
5. a description of the facts and circumstances indicating that the debtor shall be capable of meeting all his liabilities in accordance with the proposed compulsory settlement.

Article 146

(report of a certified business evaluator)

(1) The financial restructuring plan shall be examined by a certified business evaluator who shall prepare a relevant report (hereinafter referred to as: report of the certified business evaluator).

(2) The report of a certified business evaluator shall contain:
1. an introduction indicating the financial restructuring plan, treated by the report,
2. a description of the intention and extent of the examination, including an indication as to which principles and standards of the business evaluation represent the basis of the examination,
3. an opinion of a certified business evaluator which shall clearly indicate:
   – whether the debtor is insolvent,
   – whether the execution of the financial restructuring plan would enable the financial restructuring of the debtor that would result in liquidity and solvency and
   – whether the confirmation of compulsory settlement, proposed by the debtor would provide the creditors with more favourable payment conditions for their claims than would be the case in bankruptcy proceedings initiated against the debtor,
4. the date and signature of the certified business evaluator.

(3) The certified auditor's opinion may be unqualified or adverse.

(4) With an unqualified opinion, the certified business evaluator shall:
1. consider that the debtor is insolvent and
2. with a degree of confidence exceeding 50 percent, estimate that:
   – the execution of the financial restructuring plan shall enable such financial restructuring of the debtor so as to result in his liquidity and solvency and
   – the confirmation of compulsory settlement, proposed by the debtor, would provide the creditors with more favourable payment conditions for their claims than would be the case in bankruptcy proceedings initiated against the debtor.

(5) The certified business evaluator shall give an adverse opinion:
1. if he considers that the debtor is not insolvent, or
2. if with a degree of confidence exceeding 50 percent, he estimates that:
   – either the execution of the financial restructuring plan shall not enable such financial restructuring of the debtor so as to result in his liquidity and solvency,
   – or the confirmation of compulsory settlement, proposed by the debtor, would not provide the creditors with more favourable payment conditions for their claims than would be the case in bankruptcy proceedings initiated against the debtor.

(6) When preparing the report, the certified business evaluator shall be liable to creditors for any damages caused by violating the rules of the profession of business valuation, up to EUR 150 000.

(7) The liability referred to in the sixth paragraph of this Article shall not be limited if the damage has been caused intentionally or by gross negligence.

Article 147
(resolution on the supplementation of an incomplete petition for instituting compulsory settlement proceedings)

(1) If the content of the petition for instituting compulsory settlement proceedings does not comply with the first and fourth paragraphs of Article 141 of this Act, or if it is not attached by attachments referred to in the second paragraph of Article 141 of this Act, or if the content of such attachments does not comply with Articles 142 to 146 of this Act (hereinafter referred to as: incomplete petition for instituting compulsory settlement proceedings), the court shall order with a resolution (hereinafter referred to as: resolution on supplementation) the petitioner, within fifteen days of the receipt of the resolution on supplementation, to supplement accordingly the incomplete petition for instituting compulsory settlement proceedings.
(2) The court shall issue the resolution on supplementation within eight days following the lodging of the petition for instituting compulsory settlement proceedings.

(3) The time limit for the supplementation of the incomplete petition for instituting compulsory settlement proceedings referred to in the first paragraph of this Article shall not be extended.

(4) If, within the time limit referred to in the first paragraph of this Article, the petitioner does not supplement the petition for instituting compulsory settlement proceedings in such a way as provided for by the resolution on supplementation, the court shall, within eight days following the expiry of such time limit, reject the petition for instituting compulsory settlement proceedings and issue a resolution on the initiation of bankruptcy proceedings.

Article 148

(publication of petition for instituting compulsory settlement proceedings)

(1) The court shall, within eight days following the lodgement of the petition for instituting compulsory settlement proceedings, publish such petition and attachments referred to in the second paragraph of Article 141 of this Act.

(2) If the court has issued a resolution on supplementation, it shall publish such resolution together with the publication under the first paragraph of this Article.

Article 149

(withdrawal of a petition for instituting compulsory settlement proceedings)

(1) If the petitioner withdraws the petition for instituting compulsory settlement proceedings, after the court has issued the resolution on supplementation, or a resolution on the initiation of compulsory settlement proceedings is not issued earlier than the resolution of supplementation, such withdrawal shall not have an effect of withdrawal in the part including the subordinated claim for the court to initiate bankruptcy proceedings referred to in the third paragraph of Article 141 of this Act.

(2) In the case referred to in the first paragraph of this Article, the court shall within eight days following the receipt of the statement on withdrawal of the petition for instituting compulsory settlement proceedings, issue a resolution on initiation of bankruptcy proceedings, unless otherwise provided for in the third and fourth paragraphs of this Article.

(3) If the petitioner withdraws the petition for instituting compulsory settlement proceedings due to having eliminated the causes of insolvency outside compulsory
settlement proceedings, in the statement on withdrawal he shall describe the circumstances resulting in the regained liquidity and solvency, and attach a statement with the relevant evidence.

(4) In the case referred to in the third paragraph of this Article the court shall:
1. if the initiation of compulsory settlement proceedings interrupted the procedure of deciding on the creditor’s petition in bankruptcy under the first paragraph of Article 152 of this Act, serve the statement with attachments, within three working days following the receipt of the statement on withdrawal of the petition, to the creditor who proposed the initiation of bankruptcy proceedings, and fix a hearing for the initiation of bankruptcy proceedings, on a date not later than one month following the receipt of the statement on the withdrawal of the petition,
2. in other cases, within eight days following the receipt of the statement on withdrawal of the petition, terminate compulsory settlement proceedings, without issuing a resolution on the initiation of bankruptcy proceedings under the second paragraph of this Article.

(5) If the court terminates compulsory settlement proceedings under point 2 of the fourth paragraph of this Article, the debtor shall not lodge a new petition for instituting compulsory settlement proceedings for two years following the issue of the resolution on the termination of such proceedings.

Subsection 4.2.2: Legal consequences of institution of compulsory settlement proceedings

Article 150

(occurrence and duration of the legal consequences of institution of compulsory settlement proceedings)

The legal consequences of the institution of compulsory settlement proceedings shall occur on the beginning of the day following the day of lodgement of the petition for instituting compulsory settlement proceedings, and shall terminate at the end of compulsory settlement proceedings.

Article 151

(limitation of debtor’s operations)

(1) After the institution of compulsory settlement proceedings, the debtor’s operations shall be limited only to the performance of regular operations associated with the performance of his activity, and to the settlement of his liabilities from such operations, unless otherwise provided for in the third paragraph of this Article.

(2) After compulsory settlement proceedings are initiated, the debtor shall not:
1. dispose of his assets, except to the extent necessary for performing operations referred to in the first paragraph of this Article,
2. raise loans or credits,
3. give guarantees or sureties for a bill of exchange, or
4. perform operations or other acts resulting in the unequal treatment of creditors.

(3) After compulsory settlement proceedings are initiated, the debtor may, in addition to the operations referred to in the first paragraph of this Article, if obtaining a consent from the court:
1. sell the assets he does not need in his operations if the sale of such assets is included in the financial restructuring plan as a financial restructuring measure,
2. raise loans and credits, but only in the maximum amount of liquid assets necessary for financing the operation referred to in the first paragraph of this Article and for covering the costs of compulsory settlement proceedings.

(4) If the debtor does not prove otherwise, it is considered that the monthly amount of liquid assets necessary for financing the operations referred to in the first paragraph of this Article shall be equal to the amount of average monthly costs referred to in point 6 of the first paragraph of Article 142 of this Act.

(5) The court shall decide on the consent referred to in the third paragraph of this Article on the basis of the opinions of the administrator and creditor's committee.

Article 152
(interruption of the procedure of deciding on the creditor's petition in bankruptcy)

(1) If the creditor has, prior to the initiation of compulsory settlement proceedings, presented a petition in bankruptcy which has not yet been decided by the court before the initiation of compulsory settlement proceedings, or if has presented such petition after the initiation and prior to the termination of compulsory settlement proceedings, the court shall suspend the decision-making procedure concerning the creditor's petition in bankruptcy until the termination of compulsory settlement proceedings.

(2) The creditor referred to in the first paragraph of this Article shall have the position of a client in preliminary compulsory settlement proceedings.

(3) The court shall resume its decision-making procedure concerning the creditor's petition in bankruptcy referred to in the first paragraph of this Article:
1. if the petitioner of compulsory settlement proceedings withdraws the petition for instituting compulsory settlement proceedings after the creditor has presented the petition in bankruptcy, and the conditions for the initiation of bankruptcy proceedings do not exist under the second paragraph of Article 149 of this Act, or
2. if he refuses the debtor's compulsory settlement petition under the first paragraph of Article 179 of this Act.

(4) If the court resumes the decision-making procedure concerning the creditor's petition in bankruptcy under the third paragraph of this Article, the petition for instituting compulsory settlement proceedings shall not be possible until the final decision is taken on the petition in bankruptcy.

(5) If the entitled petitioner referred to in the second paragraph of Article 139 of this Act presents a compulsory settlement petition contrary to the fourth paragraph of this Article it shall be considered, and evidence to the contrary shall not be allowed, that the debtor is insolvent.

(6) If the court issues, in compulsory settlement proceedings, a resolution on the initiation of bankruptcy proceedings under the fourth paragraph of Article 147, the second paragraph of Article 149, Article 156, the third paragraph of Article 179, the fourth paragraph of Article 192, the second paragraph of Article 198, or the first paragraph of Article 208 of this Act, it shall be considered to have decided by such resolution also on the creditor's proposal referred to in the first paragraph of this Article.

(7) If the compulsory settlement has been finally confirmed, the court shall reject the creditor's proposal referred to in the first paragraph of this Article.

**Subsection 4.2.3: Deciding on the initiation of compulsory settlement proceedings**

**Article 153**

**(deciding on the petition for instituting compulsory settlement proceedings)**

(1) The court shall decide on the petition for instituting compulsory settlement proceedings out of the hearing.

(2) The court shall issue a resolution to decide on the initiation of compulsory settlement proceedings (hereinafter referred to as: resolution on the initiation of compulsory settlement proceedings):

1. if the petition has been presented by an entitled petitioner as referred to in the second paragraph of Article 139 of this Act,
2. if no procedural obstacles exist referred to in Article 140 of this Act,
3. if the content of the petition for compulsory settlement proceedings complies with the first and fourth paragraphs of Article 141 of this Act,
4. if the petition is attached by attachments referred to in the second paragraph of Article 141 of this Act and
5. if the content of such attachments complies with Articles 142 to 146 of this Act.

(3) By the resolution on the initiation of compulsory settlement proceedings, the court shall order the petitioner to pay an advance to cover the costs of compulsory settlement proceedings, and set the time limit for such payment which shall be no less than eight days and no more than fifteen days following the receipt of the resolution.

(4) The operative part of the resolution on the initiation of compulsory settlement proceedings shall contain:
1. identification data on the insolvent debtor,
2. the court's decision on the initiation of the procedure and
3. the amount of the advance for covering the costs of compulsory settlement proceedings, and the time limit for paying such advance.

(5) The court shall reject the petition for instituting compulsory settlement proceedings:
1. if the petition has not been lodged by an entitled petitioner referred to in the second paragraph of Article 139 of this Act, or
2. if procedural obstacles exist as referred to in Article 140 of this Act.

(6) The court shall publish the resolution on the petition for instituting compulsory settlement proceedings on the day of its issue.

Article 154
(time limit to decide on the petition for instituting compulsory settlement proceedings)

(1) The court shall decide on the petition for instituting compulsory settlement proceedings within eight days.

(2) The time limit referred to in the first paragraph of this Article shall start:
1. if the court has issued a resolution on supplementation: as of the expiry of the time limit referred to in the first paragraph of Article 147 of this Act,
2. in other cases: as of the receipt of the petition for instituting compulsory settlement proceedings.

Article 155
(notice of the initiation of compulsory settlement proceedings)

(1) The court shall inform the creditors of the initiation of compulsory settlement proceedings by a notice (hereinafter referred to as: notice of the initiation of compulsory settlement proceedings).
(2) The notice of the initiation of compulsory settlement proceedings shall contain:
1. data on the court conducting the procedure, and the reference number of the case under which the procedure is conducted,
2. identification data on the insolvent debtor and decision of the court to initiate compulsory settlement proceedings against the debtor,
3. identification data of the administrator,
4. call to creditors to declare their claims in compulsory settlement proceedings within one month following the publication of the notice, by an application in two copies, and legal advice on the legal consequences which may occur in the event of missing the time limit for the application,
5. publication date of the notice.

(3) The court shall publish the notice of the initiation of compulsory settlement proceedings at the same time as the resolution on the initiation of compulsory settlement proceedings.

Article 156

(a consequence of non-payment of the advance for covering the costs of compulsory settlement proceedings)

If the petitioner does not pay the advance for covering the costs of compulsory settlement proceedings within the time limit laid down in the third paragraph of Article 153 of this Act, the court shall terminate compulsory settlement proceedings and issue a resolution on the initiation of bankruptcy proceedings.

Section 4.3: The legal consequences of the initiation of compulsory settlement proceedings

Subsection 4.3.1: General rules concerning the legal consequences of initiation of compulsory settlement proceedings

Article 157

(occurrence of legal consequences of initiation of compulsory settlement proceedings)

(1) The legal consequences of the initiation of compulsory settlement proceedings shall start with the day of publication of the notice of the initiation of compulsory settlement proceedings.

(2) If the resolution on the initiation of compulsory settlement proceedings is set aside by virtue of an appeal, but the court has, in a repeated procedure, once again issued a resolution on the initiation of compulsory settlement proceedings, the legal consequences of the initiation of compulsory settlement proceedings shall be considered to come into effect with the day when the notice of the initiation of
compulsory settlement proceedings has been published on the basis of the first resolution on the initiation of compulsory settlement proceedings.

**Article 158**

*(permitted payments to be charged to the debtor's current account)*

(1) The administrator shall, on the next working day following the initiation of compulsory settlement proceedings at the latest, inform the providers of payment services who keep the debtor's transaction accounts of the initiation of compulsory settlement proceedings.

(2) During the period starting with the initiation of compulsory settlement proceedings until the end of this procedure, the provider of payment services who keeps the insolvent debtor's transaction accounts shall execute a payment order to the debit of such account only upon the consent of the administrator, unless he is not aware of the initiation of compulsory settlement proceedings when executing such payment transaction.

(3) The administrator shall give the consent referred to in the second paragraph of this Article if the payment complies with Article 151 of this Act.

(4) After the initiation of compulsory settlement proceedings the provider of payment services shall not execute any payment to the debit of the insolvent debtor's transaction account on the basis of a resolution on execution or resolution on forcible collection, even if by the time when conditions for the execution of such payment laid down in ZIZ or in acts governing tax procedures are satisfied, he has not received a resolution of the enforcement court or tax authority providing for the interruption of the enforcement procedure under the first paragraph of Article 132 of this Act.

(5) The prohibition referred to in the fourth paragraph of this Article shall not apply to payments the execution of which may not be subject to additional cancellation under Article 64 or 65 of ZPlaP, when the provider of payment services receives the notification of the administrator on the initiation of compulsory settlement proceedings.

(6) The prohibition referred to in the fourth paragraph of this Article shall apply until such time as the provider of payment services receives the resolution of the enforcement court or tax authority on the continuation of the enforcement procedure referred to in Article 216 or the second paragraph of Article 281 of this Act.

**Article 159**

*(arrangement of payments charged to the debtor's current account)*
(1) If an insolvent debtor can not dispose of his assets on his transaction account on the basis of the third paragraph of Article 21 of ZPlaP, and thus can not pay an advance as provided for in the third paragraph of Article 153 of this Act, the court shall issue a resolution upon the proposal by the insolvent debtor, ordering the provider of payment services to execute the payment order of the insolvent debtor for paying the advance.

(2) Notwithstanding the third paragraph of Article 21 of ZPlaP, the provider of payment services shall execute the payment order of the insolvent debtor pursuant to the court’s resolution referred to in the first paragraph of this Article.

(3) The first and the second paragraphs of this Article shall apply mutatis mutandis also for other payments to be charged to the insolvent debtor’s transaction account, if such payments are necessary for his continuing operation pursuant to the first paragraph of Article 151 of this Act.

Subsection 4.3.2: The legal consequences of initiation of compulsory settlement proceedings for the settlement of creditors’ claims

Article 160

(claims of creditors which are affected by the initiation of compulsory settlement proceedings)

(1) The legal consequences of the initiation of compulsory settlement proceedings, provided for in Subsection 4.3.2 of this Act shall occur in respect of all claims of creditors against the insolvent debtor which occurred up to the initiation of compulsory settlement proceedings, unless otherwise provided for in the second paragraph of this Article or in Subsection 4.3.3 of this Act.

(2) The initiation of compulsory settlement proceedings shall not affect secured and priority claims, as well as exclusion right.

Article 161

(conversion of non-monetary claims into monetary claims)

(1) Upon the initiation of compulsory settlement proceedings, a non-monetary claim of the creditor against the insolvent debtor shall be converted into a monetary claim according to the market value at the initiation of compulsory settlement proceedings.

(2) The market value of the non-monetary claim converted under the first paragraph of this Article shall be determined by market prices for the assets which are the subject of a non-monetary claim, or for services.

Article 162
(conversion of occasional duty claims)

Upon the initiation of compulsory settlement proceedings, the monetary and non-monetary claims of creditors against an insolvent debtor the subject of which are occasional duties shall be converted into lump-sum claims.

Article 163

(conversion of claims expressed in a foreign currency)

Upon the initiation of compulsory settlement proceedings, monetary claims of creditors against an insolvent debtor expressed in a foreign currency shall be converted into claims expressed in euros at the rate published or determined and published by the Bank of Slovenia, and which applies on the day of the initiation of compulsory settlement proceedings.

Article 164

(offsetting claims on the initiation of compulsory settlement proceedings)

(1) If on the initiation of compulsory settlement proceedings there is a coexistence of a claim of an individual creditor against the insolvent debtor and a counterclaim of an insolvent debtor against such creditor, such claims shall be, upon the initiation of compulsory settlement proceedings, considered as offset.

(2) The first paragraph of this Article shall apply also in respect of non-monetary claims and claims which are not yet due on the initiation of compulsory settlement proceedings.

(3) For the claims of creditors and counterclaims of the insolvent debtor which are the subject of the offset referred to in the second paragraph of this Article, Articles 161 to 163 of this Act shall apply mutatis mutandis.

Subsection 4.3.3: Special rules for mutually unfulfilled bilateral contracts

Article 165

(exceptions for claims on the basis of a mutually unfulfilled bilateral contract)

(1) The initiation of compulsory settlement proceedings shall not give rise to the legal consequences referred to in Subsection 4.3.2 of this Act for mutual claims of creditors and an insolvent debtor on the basis of a mutually unfulfilled bilateral contract.

(2) Neither the initiation of compulsory settlement proceedings nor a confirmed compulsory settlement shall affect the claim of the creditor on the basis of a mutually unfulfilled bilateral contract, except if the insolvent debtor realises the right of withdrawal pursuant to Article 166 of this Act.
Article 166

(the right of an insolvent debtor to withdraw from a mutually unfulfilled bilateral contract)

(1) Upon the initiation of compulsory settlement proceedings, the insolvent debtor shall acquire the right to withdraw from a mutually unfulfilled bilateral contract.

(2) The insolvent debtor may exercise the right of withdrawal referred to in the first paragraph of this Article within one month following the initiation of compulsory settlement proceedings after obtaining consent from the court for the exercising of the same.

(3) A statement on the exercising the right of withdrawal given after the expiry of the time limit referred to in the second paragraph of this Article shall not have legal effect.

(4) The court shall give consent to the exercising the right of withdrawal if such exercising is necessary for the execution of financial restructuring pursuant to the financial restructuring plan.

(5) The statement on exercising the right of withdrawal shall take effect after the court resolution on giving a consent to the exercising the right to withdrawal, becomes final.

(6) If the court refuses the request of the insolvent debtor for consent to exercise the right of withdrawal, or if does not make a decision concerning the consent until the expiry of the period referred to in the second paragraph of this Article, the statement on the exercising the right to withdrawal shall have no legal effect.

Article 167

(legal consequences of withdrawal from a mutually unfulfilled bilateral contract)

(1) If the insolvent debtor exercises the right of withdrawal pursuant to Article 166 of this Act, the contract shall be rescinded on the day when the resolution of the court on giving its consent to the exercising the right to withdrawal, becomes final.

(2) If the insolvent debtor and the other party to the contract have already fulfilled a part of their liabilities based on the rescinded contract, their mutual claims for the return of the partial settlement shall be offset.

(3) The offset referred to in the second paragraph of this Article shall, mutatis mutandis, be subject Article 164 of this Act.
(4) If the claim of the other party to the contract for the return of a partial performance due to the offset under the second paragraph of this Article does not expire in whole, the confirmed compulsory settlement shall not have effect in respect of the claim of another contractual party for the payment of such difference.

(5) Exercising the right of withdrawal under Article 166 of this Act shall be without prejudice to the right of the other party to the contract to request from the insolvent debtor compensation for damages caused to such party as a result of the rescission of the contract with a view to the exercising the right of withdrawal.

(6) Considering the claim of the other party to the contract for the return of damage referred to in the fifth paragraph of this Article, the confirmed compulsory settlement shall have effect.

Section 4.4: Main compulsory settlement proceedings

Subsection 4.4.1: Disclosure of the debtor’s financial situation and operations

Article 168

(regular reports of the insolvent debtor)

(1) The insolvent debtor shall draw up a report for each calendar month, on his operations during compulsory settlement proceedings (hereinafter referred to as: regular report of the insolvent debtor).

(2) The insolvent debtor shall attach to the report referred to in the first paragraph of this Article a monthly balance sheet, income statement and cash flow statement.

(3) Notwithstanding the first paragraph of this Article, the insolvent debtor shall draw up the first report for the period from the balance sheet date of the balance sheet referred to in the first indent of point 1 of the first paragraph of Article 142 of this Act, until the last day of the month in which compulsory settlement proceedings have been initiated.

(4) The Insolvent debtor shall present a regular report to the court and the administrator within fifteen days following the end of the period to which it refers.

Article 169

(other rules concerning reports of insolvent debtor)

(1) For the reports of insolvent debtors Articles 89 and 100 of this Act shall apply *mutatis mutandis.*
(2) In the mutatis mutandis application of the provisions of the first paragraph of this Article instead of the term „administrator“, the term „insolvent debtor“ shall be used“. 

(3) The insolvent debtor shall participate at meetings where his report is discussed by the creditors’ committee.

**Article 170**

*(the opinion of administrator on the reports of insolvent debtor)*

(1) The administrator shall give an opinion on the reports of the insolvent debtor.

(2) The administrator shall give the opinion referred to in the first paragraph:
1. on the regular report of the insolvent debtor within three working days following the receipt of the report,
2. on the extraordinary report of the insolvent debtor at the meeting of the creditors’ committee, discussing such report.

**Article 171**

*(the supervision of administrators)*

(1) An administrator shall supervise the operations of insolvent debtor and meeting of his obligations, as laid down in Chapter 4 of this Act.

(2) The insolvent debtor shall provide the administrator with all the information necessary for supervision under the first paragraph of this Article, and enable him a review of his business books and documentation.

(3) If the administrator, carrying out supervision under the first paragraph of this Article, finds out that a reason exists referred to in Article 172 of this Act, he shall enter an objection to the conduct of compulsory settlement proceedings.

**Subsection 4.4.2: Objection to the conduct of compulsory settlement proceedings**

**Article 172**

*(reasons for objection to the conduct of compulsory settlement proceedings)*

Each creditor or administrator may enter an objection on the non-existence of conditions for the conduct of compulsory settlement proceedings (hereinafter referred to as: appeal against the conduct of compulsory settlement proceedings):
1. if the debtor is not insolvent and can meet all obligations in full and in time,
2. if the insolvent debtor can meet his obligations to a greater extent and within shorter time limits than offered by the compulsory settlement petition,
3. if the degree of confidence that the execution of the financial restructuring plan would enable the financial restructuring of the debtor which would provide for his liquidity and solvency, is lower than 50 per cent,
4. if the degree of confidence that the confirmed compulsory settlement, proposed by the debtor, would ensure the creditors more favourable payment conditions for their claims than would be the case in initiation of bankruptcy proceedings against the debtor is lower than 50 percent, or
5. if the insolvent debtor acts contrary to Article 151 of Subsection 4.4.1 of this Act.

Article 173

(time limits for objection to the conduct of compulsory settlement proceedings)

(1) An objection to the conduct of compulsory settlement proceedings shall be lodged within three months following the publication of the notice on the initiation of compulsory settlement proceedings, unless otherwise provided for in the second paragraph of Article 174 of this Act.

(2) If the objection aims at exercising the reason referred to in point 5 of Article 172 of this Act, such appeal shall be lodged by the expiry of eight days following the publication of the notice for casting votes for compulsory settlement.

Article 174

(special rules if the debtor changes the financial restructuring plan)

(1) The rules laid down in this Article shall apply when the debtor, in accordance with Subsection 4.4.3 of this Act, changes the financial restructuring plan.

(2) An objection to the conduct of compulsory settlement proceedings, which exercises the reason referred to in points 2, 3 or 4 of Article 172 of this Act in relation to the changed financial restructuring plan, shall be entered within fifteen days following the publication of the change to the financial restructuring plan.

(3) When, prior to the publication of the change to the financial restructuring plan, an objection to the conduct of compulsory settlement proceedings has been entered which exercises the reason referred to in points 2, 3 or 4 of Article 172 of this Act, the person entering the objection shall declare within fifteen days following the publication of the change of the financial restructuring plan to persist in the appeal, otherwise such appeal shall be considered as withdrawn.

Article 175

(objection proceedings against the conduct of compulsory settlement proceedings)
(1) If the objection to the conduct of compulsory settlement proceedings is entered after the expiry of the time limit referred to in Articles 173 or 174 of this Act, the court shall reject such objection.

(2) If the objection to the conduct of compulsory settlement proceedings is entered timely, the court shall within three working days following the receipt of the objection to the conduct of compulsory settlement proceedings:
1. publish the objection and the attached documents,
2. serve the objection with attachments on the insolvent debtor and warn him of the legal consequences referred to in the second paragraph of Article 176 of this Act, and
3. serve the objection with attachments to the administrator, if he is not the person entering the objection.

Article 176

(statement of insolvent debtor on objection to the conduct of compulsory settlement proceedings)

(1) An insolvent debtor may within eight days following the service, pronounce on the objection to the conduct of compulsory settlement proceedings.

(2) If the insolvent debtor does not lodge the statement referred to in the first paragraph of this Article within eight days following the receipt of the objection, it is considered, and evidence to the contrary shall not be allowed, that the reason exist referred to in Article 172 of this Act, which is to be enforced by the objection.

(3) After the expiry of the time limit referred to in the first paragraph of this Article, the insolvent debtor may not state any new facts and offer any new evidence.

Article 177

(hearing for the objection proceedings against the conduct of compulsory settlement proceedings)

(1) If the insolvent debtor does not lodge the statement on opposing the conduct of compulsory settlement proceedings within the time limit referred to in the first paragraph of Article 176 of this Act, the court shall decide out of the hearing.

(2) If the insolvent debtor lodges the statement on opposing the conduct of compulsory settlement proceedings within the time limit referred to in the first paragraph of Article 176 of this Act, the court shall fix and publish the call up of the hearing for the objection within three working days following the receipt of the statement, for a day which shall not be later than one month following the lodgement of the statement, and not earlier than fifteen days following the publication of the call up of the hearing.
(3) At the hearing for objecting the conduct of compulsory settlement proceedings the court shall produce evidence as to the reason enforced by the objection, and decide on the objection on the basis of the evidence produced.

**Article 178**

**Time limit for deciding on the objection to the conduct of compulsory settlement proceedings**

(1) The court shall issue a resolution on deciding on a timely objection to the conduct of compulsory settlement proceedings, within eight days.

(2) The time limit referred to in the first paragraph shall start:
1. if the insolvent debtor does not lodge the statement on opposing the conduct of compulsory settlement proceedings within the time limit referred to in the first paragraph of Article 176 of this Act: as of the expiry of the time limit for the statement,
2. if the insolvent debtor lodges the statement on opposing the conduct of compulsory settlement proceedings within the time limit referred to in the first paragraph of Article 176 of this Act: as of the end of the hearing.

**Article 179**

**Deciding on the objection**

(1) If the objection aims at enforcing the reason referred to in point 1 of Article 172 of this Act and the court assesses that such reason exists, the court shall refuse the debtor’s petition for compulsory settlement.

(2) The debtor shall not lodge a new petition for instituting compulsory settlement proceedings for two years following the issue of the resolution referred to in the first paragraph of this Article.

(3) If the objection aims at enforcing the reasons referred to in points 2, 3, 4 or 5 of Article 172 of this Act and the court assesses that such reasons exist the court shall terminate compulsory settlement proceedings and issue a resolution on the initiation of bankruptcy proceedings.

(4) If the court assesses that a reason subject to enforcement by the objection does not exist, it shall refuse the objection.

**Subsection 4.4.3: Change to the financial restructuring plans**

**Article 180**

**Content of changes to financial restructuring plans**
(1) After the initiation of compulsory settlement proceedings, the insolvent debtor may change the financial restructuring plan only so as to:
1. offer to creditors a higher portion of payment of their ordinary claims, higher interest, or shorter time limits for the payment offered in the petition for compulsory settlement included in the previous financial restructuring plan,
2. considering the alternative offer referred to in the first paragraph of Article 144 of this Act, or the offer referred to in the second paragraph of Article 144, offer to creditors a higher number of shares or a nominal value of the subscribed contribution than offered in the petition for compulsory settlement included in the previous financial restructuring plan, or
3. make to creditors the alternative offer referred to in the first paragraph of Article 144 of this Act, or the offer referred to in the second paragraph of Article 144 regarding secured claims, if he has not made such an offer in the petition for compulsory settlement included in the previous financial restructuring plan.

(2) The change to financial restructuring plan shall be made as a clean version of the changed financial restructuring plan.

(3) The clean version of the changed financial restructuring plan shall contain:
1. a summary with a description of the content of the change to financial restructuring plan,
2. components referred to in points 2 to 5 of Article 145 of this Act.

Article 181

(report of a certified business evaluator concerning the review of the changed financial restructuring plan)

(1) The clean version of the changed financial restructuring plan shall be reviewed by a certified business evaluator, who draws up a report thereon.

(2) In respect of the report of the certified business evaluator concerning the review of the changed financial restructuring plan, points 1 and 2, the second and third indents of point 3, and point 4 of the second paragraph, the third paragraph, point 2 of the fourth paragraph, and point 2 of the fifth paragraph of Article 146 of this Act shall apply mutatis mutandis.

Article 182

(request for permission for a change of a financial restructuring plan)

(1) A change to the financial restructuring plan shall require permission by the court.
(2) The request for the permission of a change to financial restructuring plan shall be lodged within four months following the initiation of compulsory settlement proceedings.

(3) The request for permission for the change of a financial restructuring plan shall be attached by:
1. a clean copy of the changed of the financial restructuring plan,
2. a report of the certified business evaluator concerning the changed financial restructuring plan with his unqualified opinion and
3. in the case referred to in points 2 or 3 of the first paragraph of Article 180 of this Act:
   – the minutes of the general meeting of the insolvent debtor where a resolution on the change in the share capital with the purpose of executing financial restructuring with the content laid down in the changed financial restructuring plan, and pursuant to Article 191 of this Act has been adopted and
   – a call to creditors for the subscription and paying up of new shares with the content referred to in Article 193 of this Act.

Article 183
(resolution on the supplementation of an incomplete request for permission of a change to financial restructuring plan)

(1) If the request for permission of a change to financial restructuring plan is not attached by the attachments referred to in the third paragraph of Article 182 of this Act, or if the content of such attachments does not comply with the third paragraph of Articles 180 and 181 of this Act, and in the case referred to in point 3 of Article 182 of this Act also with Articles 191 and 193 of this Act (hereinafter referred to as: incomplete request for permission of a change to financial restructuring plan), the court shall order with a resolution the petitioner to, within eight days of the receipt of the resolution on supplementation, supplement accordingly the incomplete request for permission of a change to financial restructuring plan.

(2) The court shall issue the resolution on supplementation within eight days following the lodgement of the request for permission of a change to financial restructuring plan.

(3) The time limit for the supplementation of the incomplete request for permission of a change to financial restructuring plan referred to in the first paragraph of this Article shall not be extended.

Article 184
(deciding on the request for permission of a change to financial restructuring plan)
(1) The court shall decide on a request for the permission of a change to financial restructuring plan out of the hearing.

(2) The court shall issue a resolution permitting the change to financial restructuring plan:
1. if the request for permission of the change to financial restructuring plan has been lodged within the time limit referred to in the second paragraph of Article 182 of this Act,
2. if the content of the change to financial restructuring plan complies with the first paragraph of Article 180 of this Act,
3. if the request for permission of a change to financial restructuring plan is attached by attachments referred to in the third paragraph of Article 182 of this Act and
4. if the content of such attachments complies with the third paragraph of Articles 180 and 181 of this Act, and in the case referred to in point 3 of Article 182 of this Act, also with Articles 191 and 193 of this Act.

(3) The court shall reject the request for permission of a change to financial restructuring plan:
1. if the request has been lodged after the time limit referred to in the second paragraph of Article 182 of this Act has expired, or
2. if, within the time limit referred to in the first paragraph of Article 183 of this Act, the petitioner does not supplement the request for permission of a change to financial restructuring plan in such a way as provided for by the resolution on supplementation.

(4) The court shall refuse the request for permission of a change to financial restructuring plan if the content of such change is contrary to the first paragraph of Article 180 of this Act.

(5) The court shall decide on the request for permission of a change to financial restructuring plan within eight days.

(6) The time limit referred to in the first paragraph of this Article shall start:
1. if the court has issued a resolution on supplementation: as of the expiry of the time limit referred to in the first paragraph of Article 183 of this Act,
2. in other cases: as of the receipt of the request for permission of a change to financial restructuring plan.

Article 185

(publication of changes to a financial restructuring plan)

Upon granting permission of a change to financial restructuring plan, the court shall on the next working day following the issue of the resolution on permission of a
change to financial restructuring plan publish such resolution and documents referred to in the third paragraph of Article 182 of this Act.

**Subsection 4.4.4: Special rules on the change in share capital with the purpose of executing financial restructuring**

**Article 186**

*(application of Subsection 4.4.4)*

(1) The change in the share capital with the purpose of executing financial restructuring shall be:

1. a change in the share capital with new in-kind contributions, the subject of which are claims by creditors against the debtor, and
2. a simplified reduction in the share capital due to covering losses that have not been offset, if it is carried out, pursuant to the financial restructuring plan, at the same time as an increase in the share capital referred to in point 1 of this paragraph.

(2) Subsection 4.4.4 of this Act shall apply to change in the share capital with the purpose of executing financial restructuring if:

1. compulsory settlement proceedings have been initiated against an insolvent debtor organised as a public limited company, and
2. the insolvent debtor makes, or intends to make, an alternative offer as referred to in the first paragraph of Article 144 of this Act, or an offer referred to in the second paragraph of Article 144 of this Act.

**Article 187**

*(mutatis mutandis application of the subsection for a limited liability company)*

(1) The rules of Subsection 4.4.4 of this Act concerning an insolvent debtor organised as a public limited company shall apply *mutatis mutandis* also for an insolvent debtor organised as a limited liability company.

(2) In the *mutatis mutandis* application of the rules referred to in the first paragraph of this Article:

1. instead of the terms „number of shares“ and „nominal or pertaining amount of a share“ the term „nominal amount of the subscribed contribution“ shall be used,
2. instead of the term „memorandum and articles of association“ the term „shareholders agreement“ shall be used.

**Article 188**

*(application of rules of ZGD-1 concerning a change in the share capital)*

(1) Change in the share capital of an insolvent debtor with the purpose of executing financial restructuring shall be subject to the rules of ZGD-1 concerning changes in
the share capital of a public limited company or a limited liability company, unless otherwise provided for in Subsection 4.4.4 of this Act.

(2) An increase in the share capital of the insolvent debtor with the purpose of executing financial restructuring shall not be subject to Article 334 of ZGD-1.

Article 189
(calling a general meeting)
Notwithstanding the first paragraph of Article 297 of ZGD-1, the general meeting to decide on a change in the share capital with the purpose of executing financial restructuring shall be called at least fifteen days prior to the session of the general meeting.

Article 190
(claims of creditors who may be the subject of in-kind contribution upon an increase in share capital with the purpose of executing financial restructuring)
(1) Each ordinary claim of the creditor against the insolvent debtor included in the list referred to in point 3 of the first paragraph of Article 142 of this Act may be the subject of an in-kind contribution upon an increase in the share capital with the purpose of executing financial restructuring, irrespective of whether it has been lodged in compulsory settlement proceedings.

(2) If the insolvent debtor makes an offer as referred to in point 2 of the first paragraph of Article 144 of this Act also to creditors who are the owners of subordinated claims, every subordinated claim of the creditor against the debtor included in the list referred to in point 4 of the first paragraph of Article 142 of this Act may also be the subject of an in-kind contribution upon an increase in the share capital with the purpose of executing financial restructuring, irrespective of whether it has been lodged in compulsory settlement proceedings.

(3) If the insolvent debtor makes an offer as referred to in point 2 of the first paragraph of Article 144 of this Act also to creditors who are the owners of secured claims, every secured claim of the creditor against the debtor included in the list referred to in point 5 of the first paragraph of Article 142 of this Act may also be the subject of an in-kind contribution upon an increase in the share capital with the purpose of executing financial restructuring, irrespective of whether it has been lodged in compulsory settlement proceedings.

Article 191
(resolution on a change in share capital with the purpose of executing financial restructuring)
(1) The resolution on the change in share capital with the purpose of executing financial restructuring shall contain the following decision:

1. that the share capital is to be increased by new in-kind contributions,

2. that the subject of the in-kind contributions are:
   – the ordinary claims of creditors indicated in the list referred to in point 3 of the first paragraph of Article 142 of this Act,
   – if the insolvent debtor makes the offer referred to in point 2 of the first paragraph of Article 144 of this Act also to creditors who are the owners of subordinated claims: also the subordinated claims of creditors indicated in the list referred to in point 4 of the first paragraph of Article 142 of this Act,
   – if the insolvent debtor makes the offer referred to in point 2 of the first paragraph of Article 144 of this Act also to creditors who are the owners of secured claims: also the secured claims of creditors indicated in the list referred to in point 5 of the first paragraph of Article 142 of this Act,

3. on the content of rights deriving from shares to be issued with the purpose of executing an increase in the share capital (hereinafter referred to as: new shares),

4. on the number and nominal or pertaining amount of new shares acquired by the creditor referred to in point 2 of this paragraph when transferring his claim against the debtor with the purpose of paying an in-kind contribution,

5. that the execution of the increase in the share capital involves issue of a number of new shares which is equal to the number of shares to be subscribed and paid up by creditors through the transfer of their claims referred to in point 2 of this paragraph to the debtor,

6. that the share capital is to be increased by an amount equal to the number of new shares referred to in point 5 of this paragraph multiplied by a nominal or pertaining amount of such shares,

7. the resolution has effect under a deferral condition that the compulsory settlement is to be finally confirmed.

(2) The amount of claim indicated in the list referred to in points 3, 4 or 5 of the first paragraph of Article 142 of this Act shall not be lower than the nominal or pertaining amount of new shares acquired by the creditor when transferring such claim against the debtor with the purpose of paying an in-kind contribution.

(3) If, pursuant to the financial restructuring plan, at the same time as an increase in the share capital with new in-kind shares, the share capital is reduced in a simplified manner due to covering losses that have not been offset, the resolution on the change in share capital with the purpose of executing financial restructuring shall contain also the components as provided for by ZGD-1.

Article 192
(time limit for the adoption of the resolution on the change in share capital with the purpose of executing financial restructuring)

(1) The rules laid down in this Article shall apply when the alternative offer referred to in the first paragraph of Article 144 of this Act, or the offer referred to in the second paragraph of Article 144 of this Act is included in the financial restructuring plan on the basis of which the court has issued the resolution on the initiation of compulsory settlement proceedings.

(2) The general meeting of the insolvent debtor shall adopt the resolution on the change in share capital with the purpose of executing financial restructuring with the content provided for by the financial restructuring plan, within four months following the initiation of compulsory settlement proceedings.

(3) Within three working days following the receipt of the resolution on the change in share capital with the purpose of executing financial restructuring, the insolvent debtor shall notify the court of the adoption of such resolution, and attach to the notification:
   1. a copy of the notary's minutes of the general meeting where such resolution has been adopted and
   2. a call to creditors to subscribe and pay up shares with the content referred to in Article 193 of this Act.

(4) The court shall terminate compulsory settlement proceedings and issue a resolution on the initiation of bankruptcy proceedings:
   1. if the general meeting of the insolvent debtor does not, within the time limit referred to in the second paragraph of this Article, adopts the resolution on the change in share capital with the purpose of executing financial restructuring with the content provided for by the financial restructuring plan, and pursuant to Article 191 of this Act, or
   2. if the insolvent debtor does not, within three working days following the receipt of the resolution on the change in share capital with the purpose of executing financial restructuring, submit documents to the court referred to in the third paragraph of this Article.

Article 193

(call to creditors to subscribe and pay up new shares)

(1) A call to creditors to subscribe and pay up new shares shall include:
   1. the content of the resolution of the insolvent debtor's general meeting concerning the change in share capital with the purpose of executing financial restructuring,
   2. the content of the creditor's statement concerning the subscription and paying up of new shares with a transfer of his claim to the insolvent debtor with the components as provided for in Article 195 of this Act,
3. a time limit for the subscription and paying up of new shares pursuant to the second paragraph of this Article,
4. a warning to creditors to submit a statement on the subscription and paying up of new shares not later than by the expiry of the time limit for the subscription and paying up of new shares in two copies to the court instead to the insolvent debtor, including data on the address of the court to which the statement is to be submitted.

(2) The time limit for subscription and paying up of new shares shall be one month following the publication of the call under Article 194 of this Act.

(3) The call to creditors to subscribe and pay up new shares shall not apply to an offer of such shares to the public under the act regulating the financial instruments market.

**Article 194**

*(publication of the call to creditors to subscribe and pay up new shares)*

The court shall publish the call to creditors to subscribe and pay up new shares:
1. if the call is attached to the request for the change to financial restructuring plan: within the time limit referred to in Article 185 of this Act,
2. if the call is attached to the notification referred to in the third paragraph of Article 192 of this Act: within three working days following the receipt of such notification.

**Article 195**

*(statement of creditor on subscription and paying up of new shares)*

(1) The statement of a creditor on the subscription and paying up of new shares shall contain:
1. identification data on the creditor,
2. the court and the reference number of the case under which the court conducts compulsory settlement proceedings,
3. identification data on the debtor,
4. a statement by the creditor to transfer his claims to the insolvent debtor and thereby subscribes and pays up new shares pursuant to the resolution of the insolvent debtor concerning the change in the share capital with the purpose of executing financial restructuring, under a deferral condition that the compulsory settlement is to be finally confirmed,
5. the total amount of claims which are the subject of the statement referred to in point 4 of this paragraph,
6. information on whether the claims which are the subject of the statement referred to in point 4 of this paragraph are ordinary, secured or subordinated, and
7. if the creditor has lodged his claim in compulsory settlement proceedings: also a statement by the creditor to vote for compulsory settlement.
(2) If, besides ordinary claims, also the secured or subordinated claims of the creditor are the subject of the in-kind contribution, he shall give a separate statement on the subscription and paying up of new shares in respect of each type of claim.

(3) A statement by the creditor which does not comply with the first paragraph of this Article shall have no legal effect of subscription and paying up of new shares.

(4) If the subject of the in-kind contribution of the creditor is a claim secured by a mortgage, a notarised land permission for the deletion of the mortgage shall be attached to the creditor’s statement on the subscription and paying up of new shares; otherwise, the statement has no legal effect.

(5) The fourth paragraph of this Article shall apply mutatis mutandis also if the claim is secured by a lien entered in the central register of dematerialised securities.

(6) If the creditor has subscribed and paid up new shares pursuant to the first to fifth paragraphs of this Article:
1. he shall not be liable to submit a special ballot paper on voting for compulsory settlement,
2. he may not revoke the statement referred to in point 7 of the first paragraph of this Article, and his ballot paper for voting against compulsory settlement shall have no legal effect.

**Article 196**

(procedure with a creditor’s statement on the subscription and paying up of new shares)

(1) The creditor shall, by the expiry of the time limit referred to in the second paragraph of Article 193 of this Act, submit to the court two copies of the statement on subscription and paying up of new shares.

(2) It shall be considered that the creditor submitting the statement on the subscription and paying up of new shares under the first paragraph of this Article:
1. has given such statement to the insolvent debtor and
2. has submitted a ballot paper on voting for compulsory settlement, unless the creditor has failed to lodge the claim, which is the subject of such statement, in due time in compulsory settlement proceedings.

**Article 197**

(the report of the administrator on the subscription and paying up of new shares)

(1) The administrator shall submit to the court and the insolvent debtor a report on the subscription and paying up of new shares (hereinafter referred to as: administrator’s
report on subscription and paying up of new shares) together with a report on the results of the voting on the adoption of compulsory settlement referred to in Article 206 of this Act. (2) The administrator’s report on subscription and paying up of new shares shall contain:

1. in respect of each creditor who subscribed and paid up the shares:
   – identification data on the creditor,
   – the total amount of ordinary and eventual secured or subordinated claims which are the subject of his statement on the subscription and paying up of shares,
   – the number of new share belonging to the creditor,
2. the total amount of claims, separately for ordinary and eventual secured or subordinated claims which the creditors have transferred to the debtor with statements on subscription and paying up of shares,
3. a statement by the administrator as to the success of the procedure of subscription and paying up of new shares,
4. if the procedure of subscription and paying up of new shares is successful:
   – the total number of new shares to be issued due to the increase in share capital and
   – the amount of increase in share capital.

(3) The court shall publish the administrator’s report on the subscription and paying up of new shares within three working days following the receipt.

**Article 198**

*(legal consequences of an unsuccessful procedure for the subscription and paying up of new shares)*

(1) A procedure for the subscription and paying up of new shares shall be unsuccessful if the total amount of ordinary or secured claims, transferred by creditors within the time limit referred to in the second paragraph of Article 193 of this Act with statements on the subscription and paying up of new shares as an in-kind contribution is lower than the total amount, stipulated in the financial restructuring plan under the first indent of point 3 of the seventh paragraph of Article 144 of this Act.

(2) When the procedure for the subscription and paying up of new shares fails, within three working days following the receipt of the administrator’s report on subscription and paying up of new shares the court shall terminate compulsory settlement proceedings and issue a resolution on the initiation of bankruptcy proceedings.

**Article 199**

*(entry of a change in the share capital in the court register)*
(1) If the compulsory settlement is finally confirmed, as of the day when the court resolution on confirmation of compulsory settlement becomes final, it shall be considered that:
1. new shares have been paid up,
2. the creditor who subscribed and paid up the new shares has also transferred to the insolvent debtor the total amount of interest on the amount of the claim which is the subject of the in-kind contribution, accrued until the resolution of the confirmation of compulsory settlement has become final, in spite of not having been included in the amount of such claim indicated in the list referred to in points 3, 4 or 5 of the first paragraph of Article 142 of this Act and
3. the share capital has changed.

(2) The insolvent debtor shall lodge the proposal for the entry of a change in share capital with the purpose of executing financial restructuring, and related changes to the memorandum and articles of association, in the court register within fifteen days after the finality of the resolution confirming the compulsory settlement.

(3) The proposal for the entry referred to in the second paragraph of this Article shall be attached by:
1. a certified copy of the notary's minutes of the general meeting where the resolution was adopted on the change in the share capital with the purpose of executing financial restructuring,
2. a resolution on the confirmation of compulsory settlement with a certificate on finality,
3. a report of the administrator on the subscription and paying up of new shares.

(4) If the insolvent debtor does not lodge the proposal for entry of a change in the share capital with the purpose of executing financial restructuring, and the related changes to the memorandum and articles of association in the court register within the time limit laid down in the second paragraph of this Article, such proposal may be lodged by any creditor who has subscribed and paid up new shares.

Article 200
creditors’ decisions on the adoption of compulsory settlement

(1) The adoption of compulsory settlement shall be decided by creditors by ballot.

(2) Each creditor the claim of whom against the insolvent debtor is in compulsory settlement proceedings recognised or plausibly demonstrated shall have the right to vote on compulsory settlement, unless otherwise provided for in the third paragraph of this Article.
(3) The creditor shall not have the right to vote on compulsory settlement concerning:
1. secured claims, except if he has transferred such claim to an insolvent debtor in the
   procedure for changing the share capital with the purpose of executing financial
   restructuring pursuant to Subsection 4.4.4 of this Act, and
2. priority claims.

**Article 201**

*(calculation of proportion of creditor's voting rights when voting on the
adoption of compulsory settlement)*

(1) When calculating the proportion of creditor's voting rights when voting on the
adoption of compulsory settlement, the amount of each recognised or plausibly
demonstrated claim of the creditor referred to in Article 73 of this Act shall be taken
into consideration, multiplied by a quotient for voting on compulsory settlement
(hereinafter referred to as: weighted amount of claim). (2) The quotient for voting on
compulsory settlement shall be:

1. for a claim transferred by the creditor to the insolvent debtor in the procedure for
   changing the share capital with the purpose of executing financial restructuring
   pursuant to Subsection 4.4.4 of this Act:
   – if the subject of the transfer is a secured claim: 3,
   if the subject of the transfer is an ordinary claim: 2,
   – if the subject of the transfer is a subordinated claim: 0.25,
2. for other ordinary claims, except for the claim referred to in point 1 of this
   paragraph: 1,
3. for other subordinated claims, except for the claim referred to in point 1 of this
   paragraph: 0.5.

(3) The sum of the weighted amounts of all the recognised and plausibly
demonstrated claims of creditors in compulsory settlement proceedings shall be the
basis for calculating the portion of voting rights of a creditor when voting on
adoption of compulsory settlement.

**Article 202**

*(call to creditors to vote on the adoption of compulsory settlement)*

A call to creditors to vote on adoption of compulsory settlement shall contain:
1. a call to creditors to vote on the adoption of compulsory settlement so as to provide
   the court within one month following the publication of the call with their voting
   ballots in two copies, including information on the address of the court to which the
   ballots are to be submitted,
2. the content of the voting ballot with the components laid down in Article 204 of this Act,
3. a time limit for the submission of ballots on compulsory settlement,
4. a warning to creditors that the court will only consider ballots received within one month following the publication of the call.

**Article 203**

**publication of the call to creditors to vote on the adoption of compulsory settlement**

The court shall publish a call to creditors to vote on the adoption of compulsory settlement:

1. if the alternative offer referred to in the first paragraph of Article 144 of this Act, or the offer referred to in the second paragraph of Article 144 of this Act is included in the financial restructuring plan: at the same time with the publication of the call to subscribe and pay up new shares under Article 194 of this Act,
2. in other cases: at the same time as the publication of the resolution on the testing of claims under point 2 of the fourth paragraph of Article 69 of this Act.

**Article 204**

**voting ballots for voting on the adoption of compulsory settlement**

A voting ballot for voting on the adoption of compulsory settlement shall contain:

1. identification data on creditor,
2. the court and the reference number of the case under which the court conducts compulsory settlement proceedings,
3. identification data on the creditor,
4. statement by the creditor whether he votes for or against the adoption of compulsory settlement.

**Article 205**

**majority necessary for the adoption of compulsory settlement**

Compulsory settlement shall be adopted if its adoption is voted for by the creditors the total weighted amounts of claims of whom are at least equal to 6/10 of the amount of the basis referred to in the third paragraph of Article 201 of this Act.

**Article 206**

**report of the administrator on the result of voting on the adoption of compulsory settlement**

(1) When assessing the result of voting on the adoption of compulsory settlement the voting ballots shall be taken into consideration which the court receives up to expiry of one month following the publication of the call to creditors to vote for the adoption of compulsory settlement.
(2) If the creditor does not submit a ballot to the court before the expiry of the time limit referred to in the first paragraph of this Article, the creditor shall be considered as voting against the adoption of compulsory settlement.

(3) The administrator shall, within eight days following the expiry of the time limit referred to in the first paragraph of this Article, present to the court a report on the result of voting on the adoption of compulsory settlement (hereinafter referred to as: administrator's report on the result of voting on adoption of compulsory settlement), unless otherwise provided for in Article 207 of this Act.

(4) The administrator shall prepare a report on the result of voting on the adoption of compulsory settlement on the basis of information concerning the recognised and plausibly demonstrated claims which are included in the final list of tested claims.

(5) The administrator's report on the result of voting on the adoption of compulsory settlement shall contain:
   1. for each recognised or plausibly demonstrated claim:
      – the data referred to in points 1 to 4 of the fourth paragraph of Article 61,
      – a quotient for voting on compulsory settlement as referred to in the second paragraph of Article 201 of this Act,
      – the weighted amount of the claim, and
      – information on whether the creditor has voted for or against the adoption of compulsory settlement,
   2. the amount of the basis referred to in the third paragraph of Article 201 of this Act,
   3. the sum of weighted amounts of creditor's claims who voted for the adoption of compulsory settlement, and their portion in the amount of the basis referred to in the third paragraph of Article 201 of this Act.

**Article 207**

*(special rules if an appeal is lodged against a resolution on testing claims)*

(1) The rules laid down in this Article shall apply if an appeal is lodged against a resolution on testing claims which has not been decided up to expiry of the time limit referred to in the first paragraph of Article 206.

(2) If the subject of the appeal referred to in the first paragraph of this Article is a resolution on testing claims which is challenged in respect of a claim the consideration or non-consideration of which could affect the result of the voting on the adoption of compulsory settlement, the court shall order the administrator to postpone the elaboration of the report on the result of voting on the adoption of compulsory settlement until the appeal is decided.
(3) The court shall inform the administrator on the decision whereby the court of second instance has decided on the appeal referred to in the first paragraph of this Article, on the next working day following its receipt.

(4) If the court of second instance rejects or refuses the appeal referred to in the first paragraph of this Article, the administrator shall draw up a report on the result of voting on the adoption of compulsory settlement within three working days following the receipt of the notification referred to in the third paragraph of this Article.

(5) If the court of second instance changes the resolution on testing claims, the administrator shall within three working days following the receipt of the notification referred to in the third paragraph of this Article:
1. amend the final list of tested claims pursuant to the decision reached by the court of second instance and
2. on the basis of the amended list as referred to in point 1 of this paragraph, draw up a report on the result of voting.

(6) If the court of second instance sets aside the resolution on testing claims, the court shall, by virtue of the same resolution, decide on testing claims in the part in which the previous resolution on testing claims has been set aside, and on the result of voting on compulsory settlement under Articles 208 or 209 of this Act.

(7) The court shall within three working days following the receipt of the resolution issued by the court of the second instance referred to in the sixth paragraph of this Article recast the resolution on testing claims in the part in which the previous resolution on testing claims has been set aside, and inform the administrator thereof.

(8) The administrator shall within three working days following the receipt of the notification referred to in seventh paragraph of this Article:
1. amend the final list of tested claims pursuant to the decision of the court, and
2. on the basis of the amended list referred to in point 1 of this paragraph draw up a report on the result of voting.

Article 208
(decision of the court if compulsory settlement is not adopted)

(1) If the majority necessary for the adoption of compulsory settlement is not reached, the court shall terminate compulsory settlement proceedings and issue a resolution on the initiation of bankruptcy proceedings.

(2) The court shall issue and publish the resolution referred to in the first paragraph of this Article on the next working day following the receipt of the administrator's report on the result of compulsory settlement.
Article 209

(resolution on confirmation of compulsory settlement)

(1) The court shall issue a resolution on the confirmation of compulsory settlement (hereinafter referred to as: resolution on the confirmation of compulsory settlement):
1. if the majority necessary for the adoption of compulsory settlement is reached,
2. if an appeal against the conduct of compulsory settlement proceedings has not been lodged, or an appeal has been rejected or refused, and
3. if the subject of the compulsory settlement is the alternative offer referred to in the first paragraph of Article 144 of this Act, or in the second paragraph of Article 144 of this Act, provided that the procedure for subscription and paying up of new shares has been successful.

(2) The court shall issue and publish a resolution on the confirmation of compulsory settlement within three working days following the receipt of the administrator's report on the result of compulsory settlement, unless otherwise provided for in the third to sixth paragraphs of this Article.

(3) If an appeal is lodged against the court's resolution on the rejection or refusal of the objection to the conduct of compulsory settlement proceedings which has not been decided before the expiry of the time limit referred to in the second paragraph of this Article, the court shall suspend the issue of resolution on the confirmation of compulsory settlement until such appeal is decided.

(4) If the court of second instance rejects or refuses the appeal referred to in the third paragraph of this Article, the court shall issue and publish a resolution on the confirmation of compulsory settlement on the next working day following the receipt of the resolution issued by the court of second instance.

(5) If the court of second instance amends the resolution referred to in the third paragraph of this Article so as to decide under the first or third paragraphs of Article 179 of this Act, the court shall not decide on the result of voting on the adoption of compulsory settlement.

(6) If an objection has been lodged against the conduct of compulsory settlement proceedings which has not yet been decided by the court before the expiry of the time limit referred to in the second paragraph of this Article, regarding the content of its deciding on the objection:
1. if it rejects or refuses the objection: the court decides with the same resolution on the confirmation of compulsory settlement,
2. if it decides on the objection under the first or third paragraphs of Article 179 of this Act: the court does not decide on the result of voting on the adoption of compulsory settlement.
Article 210

(content of a resolution on confirmation of compulsory settlement)

(1) By means of a resolution on the confirmation of compulsory settlement the court shall:
1. decide that compulsory settlement is to be confirmed,
2. establish the content of the confirmed compulsory settlement so as to state:
   – the portion of payments of creditors' claims,
   – the time limits for their payment, and
   – the interest rate which applies to creditors’ claims during the period from the initiation of compulsory settlement proceedings until the expiry of the suspended time limit for their payment,
3. decide which claims are established in compulsory settlement proceedings, and
4. order the debtor to pay claims to the creditor established in compulsory settlement proceedings, in portions, time limits and by applying interest determined in the confirmed compulsory settlement.

(2) If in compulsory settlement proceedings another person undertook to stand as guarantor for the payment of the debtor's liabilities pursuant to compulsory settlement, the operative part of the resolution on the confirmation of compulsory settlement proceedings shall contain also:
1. identification data on the guarantor and
2. establish that the guarantor is jointly and severally liable with the debtor to meet the liabilities on the basis of the confirmed compulsory settlement.

(3) In the operative part of the resolution on confirmation of compulsory settlement the court shall formulate its decisions referred to in points 3 and 4 of the first paragraph of this Article as to indicate the list of claims established in compulsory settlement proceedings referred to in the second paragraph of Article 211 of this Act, which is an integral part of the operative part of this resolution.

Article 211

(claims established in compulsory settlement proceedings)

(1) A claim is established in compulsory settlement proceedings if:
1. has properties of an ordinary claim,
2. is recognised in these proceedings, and
3. the creditor has not transferred such claim to the debtor in the procedure of changing the share capital with the purpose of executing financial restructuring pursuant to Subsection 4.4.4 of this Act.
(2) If the majority necessary for the adoption of compulsory settlement is reached, the administrator shall prepare a list of claims established in compulsory settlement proceedings, and present it to the court, together with a report on the results of voting on the acceptance of compulsory settlement.

(3) The administrator shall prepare the list of claims established in compulsory settlement proceedings on the basis:
1. of the final list of tested claims, and
2. if the subject of the compulsory settlement being the alternative offer referred to in the first paragraph of Article 144 of this Act, or the offer referred to in the second paragraph of Article 144 of this Act: also of a report on subscription and paying up of new shares.

(4) The list of claims established in compulsory settlement proceedings shall contain in respect of each claim referred to in the first paragraph of this Article:
1. data referred to in points 1 to 4 of the fourth paragraph of Article 61 of this Act with the content from the final list of tested claims and
2. a decreased amount of such claim, calculated so as to multiply the amount of the claim referred to in the fourth paragraph of Article 212 of this Act with the portion of payment determined in the confirmed compulsory settlement.

Section 4.5: Legal effects of a confirmed compulsory settlement

Article 212

(claims which are affected by confirmed compulsory settlement)

(1) A confirmed compulsory settlement shall have effect for all claims of creditors against the debtor incurred as from the initiation of compulsory settlement proceedings, regardless of whether the creditor has lodged such claim in compulsory settlement proceedings, unless otherwise provided for in the second or third paragraphs of this Article, or in Article 213 of this Act.

(2) The rules provided for in Section 4.5 of this Act shall not apply for a claim transferred by the creditor to an insolvent debtor in the procedure of changing the share capital with the purpose of executing financial restructuring pursuant to Subsection 4.4.4 of this Act.

(3) When compulsory settlement proceedings are initiated against a sole proprietor, the rules provided for in Section 4.5 of this Act shall only apply to the claims of creditors against the sole proprietor the occurrence of which is associated with the conduction of his activities.

(4) A claim which is affected by the confirmed compulsory settlement shall include:
1. the principal of such claim according to the state upon initiation of compulsory settlement proceedings,
2. interest accrued until the initiation of compulsory settlement proceedings, and
3. if the claim has been decided by a final court ruling or the decision of another competent state body, also the costs of the procedure whereby such decision has been issued, and any eventual costs of the procedure of compulsory execution of such decision.

(5) The rules provided for in Section 4.5 of this Act concerning a claim which has been decided upon by the decision of another competent state body shall apply, *mutatis mutandis*, also to a tax claim which the debtor as a person liable to tax has calculated in the charge to tax.

**Article 213**

**(claims which are not affected by confirmed compulsory settlement)**

(1) Confirmed compulsory settlement shall not affect:
1. secured claims, except if an exclusion right to secure such claim has been acquired in an execution procedure by virtue of an executory title referred to in the first paragraph of Article 215 of this Act within the last two months prior to the introduction of compulsory settlement proceedings,
2. priority claims and
3. exclusion rights.

(2) Confirmed compulsory settlement shall also not affect claims by creditors against guarantors, joint and several fellow debtors of an insolvent debtor, and persons liable to recourse.

(3) If a creditor with a right to separate settlement, exercising an exclusion right from the value of the assets which are the subject of such right, fails to achieve a full settlement of the claim secured by such right, the confirmed compulsory settlement shall affect the unsettled part of such claim, under the first paragraph of Article 214 of this Act.

**Article 214**

**(effect of confirmed compulsory settlement on ordinary and subordinated claims)**

(1) When the resolution on confirmation of compulsory settlement becomes final, the creditor’s right to enforce payment in the court or other procedure, conducted by a competent state body shall terminate:
1. of the amount of an ordinary claim referred to in the fourth paragraph of Article 212 of this Act:
– in a portion greater than the portion determined in the confirmed compulsory settlement, and
– prior to the expiry of the time limits for payment determined in the confirmed compulsory settlement, and
2. interest on the amount of such claim at a rate higher than the rate determined in the confirmed compulsory settlement.

(2) When the resolution on the confirmation of compulsory settlement becomes final, the creditor’s right to enforce payment in the court or other procedure conducted by a competent state body of the total amount of a subordinated claim referred to in the fourth paragraph of Article 212 of this Act shall expire.

(3) If the debtor voluntarily pays a claim in an amount higher than the amount referred to in the first or second paragraph of this Article, the debtor has no right to request a repayment under the rules concerning unjustified enrichment.

(4) The third paragraph of this Article shall not exclude the right to challenge the debtor’s legal actions in bankruptcy proceedings.

Article 215

(effect of confirmed compulsory settlement on executory titles)

(1) A court ruling or a decision of another state body, issued before the finality of the resolution on confirmation of compulsory settlement which decided on a claim affected by the confirmed compulsory settlement shall lose the power of executory title against the insolvent debtor to the extent to which the creditor’s right to enforce the payment by legal action terminates under the first paragraph of Article 214 of this Act.

(2) Based on the executory title referred to in the first paragraph of this Article, the enforcement court shall permit and carry out an execution for the forcible collection of a claim, in the portion, within the time limits and with the interest determined in the confirmed compulsory settlement.

(3) The final resolution on the confirmation of compulsory settlement shall be an executory title for the forcible collection of the claims established in compulsory settlement proceedings, in the portion, within the time limits and with the interest determined in the confirmed compulsory settlement against the debtor and any eventual guarantors referred to in the second paragraph of Article 210 of this Act.

Article 216

(continuation of interrupted execution proceedings)
The enforcement court shall resume execution proceedings interrupted under the first paragraph of Article 132 of this Act, on the basis of a final resolution on confirmation of compulsory settlement, and:

1. if the execution has been permitted on the basis of the executory title referred to in the first paragraph of Article 215 of this Act, and the exclusion right in such procedure has been acquired within the last two months prior to the introduction of compulsory settlement proceedings, it shall limit the execution and carry out only compulsory settlement of the claim in the portion, within the time limits and with the interest determined in the confirmed compulsory settlement,

2. in other cases, carry out the execution for collecting the whole claim pursuant to the executory title.

**Article 217**

**(deciding on claims after confirmation of compulsory settlement)**

If the court or another competent state body, after the finality of the resolution on confirmation of compulsory settlement in a procedure against an insolvent debtor or guarantees referred to in the second paragraph of Article 210 of this Act decides on a claim which is affected by the confirmed compulsory settlement and which has not been established in compulsory settlement proceedings, and assesses that such claim exists, the court shall by a decision:

1. establish the existence of the total amount of the claim as of the initiation of compulsory settlement proceedings and

2. order the insolvent debtor to pay the claim in the portion, within the time limits and with the interest determined in the confirmed compulsory settlement.

**Article 218**

**(effect of fulfilment of liabilities on the basis of a confirmed compulsory settlement in subsequent bankruptcy proceedings)**

(1) The rules laid down in this Article shall apply when the confirmed compulsory proceedings against an insolvent debtor were followed by bankruptcy proceedings.

(2) If not all claims of creditors have been paid in total pursuant to the confirmed compulsory settlement, creditors who have received payments for their claims pursuant to the confirmed compulsory settlement are not obliged to return the amounts received, and such amounts can also not be challenged under the rules on challenging the debtor’s legal actions.

(3) If the claim which is affected by the confirmed compulsory settlement is paid in the total portion including interest pursuant to the confirmed compulsory settlement, the creditor may not exercise such claim in bankruptcy proceedings.
(4) If the claim which is affected by the confirmed compulsory settlement is not fulfilled even in part, in bankruptcy proceedings the creditor may enforce the total amount of such claim which could be enforced by a legal action in the event of non-confirmed compulsory settlement.

(5) If the claim which is affected by the confirmed compulsory settlement is partly fulfilled by virtue of a confirmed compulsory settlement, the creditor may enforce in bankruptcy proceedings the amount of a claim which could be enforced by a legal action in the event of non-confirmed compulsory settlement, in a portion equal to the portion in which the claim has not been paid pursuant to the confirmed compulsory settlement.

(6) The third to fifth paragraphs of this Article shall apply mutatis mutandis also in repeated compulsory settlement proceedings.

Section 4.6: Annulment of a confirmed compulsory settlement

Article 219

(challenging a confirmed compulsory settlement)

(1) Any creditor whose claim is affected by the confirmed compulsory settlement may ask the court to annul a confirmed compulsory settlement, if the insolvent debtor may pay the claims of the creditors who are affected by the confirmed compulsory settlement, in the total amount of ordinary claims referred to in the fourth paragraph of Article 212 of this Act.

(2) A complaint for enforcement of the challenging claim referred to in the first paragraph of this Article shall be filed within six months following the time limit for payment of claims, determined in the confirmed compulsory settlement.

(3) Any creditor whose claim is affected by the confirmed compulsory settlement may ask the court to annul the confirmed compulsory settlement, if it has been obtained by fraud.

(4) A complaint for enforcement of the challenging claim referred to in the third paragraph of this Article shall be brought within two years following the finality of the resolution on confirmation of compulsory settlement.

Article 220

(deciding on the annulment of a confirmed compulsory settlement)

(1) The complaint referred to in Article 219 of this Act shall be decided by the competent court which issued the resolution on confirmation of compulsory settlement.
(2) The court shall, with a resolution on annulment of the confirmed compulsory settlement, order the debtor to pay within a time limit to be determined, which should be no longer than one year following the finality of the resolution, the unpaid part of the claims which are affected by the confirmed compulsory settlement.

(3) The finality of the resolution referred to in the second paragraph of this Article shall have the following results:
   1. the legal effects of the confirmed compulsory settlement referred to in the first and second paragraphs of Article 214, the first and second paragraphs of Article 215, and point 1 of Article 216 of this Act shall terminate,
   2. the resolution on confirmation of compulsory settlement shall have the force of an executory title for the forcible collection of the claims established in compulsory settlement proceedings, in the total amount referred to in the fourth paragraph of Article 212 of this Act against the insolvent debtor.

(4) The resolution referred to in the second paragraph of this Article shall not affect the liabilities of a guarantor referred to in the second paragraph of Article 210 of this Act.

Article 221

(partial challenging to a confirmed compulsory settlement)

If the insolvent debtor may pay creditors’ claims which are affected by the confirmed compulsory settlement in a portion greater than that determined in the confirmed compulsory settlement, the first and second paragraphs of Article 219, and Article 220 of this Act shall apply mutatis mutandis.

5. Chapter 5: BANKRUPTCY PROCEEDINGS

Section 5.1: Basic rules on bankruptcy proceedings

Article 222

(application of Chapter 5)

(1) Sections 5.1 to 5.10 of this Act shall apply to bankruptcy proceedings against a legal person.

(2) Section 5.11 of this Act shall apply to personal bankruptcy proceedings.

(3) Section 5.12 of this Act shall apply to legacy bankruptcy proceedings.

Article 223

(debtor in bankruptcy)
(1) A debtor in bankruptcy shall be an insolvent debtor who is the subject of bankruptcy proceedings.

(2) Bankruptcy proceedings may be conducted against any legal entity, unless otherwise provided for by the law in respect of a particular legal form, or type of legal entity, or a particular legal entity.

(3) A social enterprise may be the subject of bankruptcy proceedings only upon prior approval by the Government of the Republic of Slovenia.

**Article 224**

*(bankruptcy estate)*

(1) Bankruptcy estate shall be the assets of the debtor in bankruptcy which are realised in bankruptcy proceedings in order to cover the costs of the proceedings and pay the claims of creditors.

(2) The following shall belong to the bankruptcy estate:

1. the assets of the debtor in bankruptcy upon the initiation of such proceedings,
2. all assets acquired by:
   – realisation of the bankruptcy estate,
   – management of the bankruptcy estate, and
   – challenging legal actions of the debtor in bankruptcy,
3. assets acquired through the continued operation if the debtor in bankruptcy resumes operation pursuant to this Act after the initiation of bankruptcy proceedings.

**Article 225**

*(common and special bankruptcy estate)*

(1) A common bankruptcy estate shall include all the assets of the debtor in bankruptcy other than the assets belonging to a special estate.

(2) A special estate shall be assets which are the subject of the right to separate settlement, or financial assets obtained through the realisation of such assets.

(3) Each individual asset which is the subject of the right to separate settlement, shall be formed a special bankruptcy estate, and conducted and managed separately from:

1. assets belonging to the common bankruptcy estate, and
2. assets belonging to other special bankruptcy estates.

**Article 226**

*(distribution estate)*
(1) A distribution estate shall be the realised part of the bankruptcy estate intended for the payment of creditors’ claims.

(2) A common distribution estate shall be the financial assets resulting from the realisation of the common bankruptcy estate, minus the costs of the bankruptcy procedure, except the costs referred to in the third paragraph of this Article.

(3) A special distribution estate shall be the financial assets resulting from the realisation of a special bankruptcy estate minus related costs.

(4) The costs associated with the realisation of a special bankruptcy estate shall be:
1. the costs for evaluating the value of assets belonging to the common bankrupt’s estate and costs of their sale,
2. taxes on trading in immovable property, or other tax or compulsory charge to be paid at sale,
3. a proportional part of the compensation for administrator referred to in point 3 of the fourth paragraph of Article 103 of this Act, which is determined in the proportion to the amount which is the subject of the distribution of a special bankruptcy estate,
4. if the subject of the special bankruptcy estate is polluted movable or immovable property: the costs for statutory waste management which are charged to the debtor in bankruptcy under the regulations on environmental protection,
5. a proportional part of:
   – compensation for the administrator for elaborating an opening report,
   – other costs associated with the establishment of financial statements referred to in Article 291 of this Act, and
   – if the value of the common bankruptcy estate is insignificant: also the costs of archiving and other costs associated with the termination bankruptcy proceedings.

(5) The proportional part of costs referred to in point 5 of the fourth paragraph of this Article shall be equal to the portion of the estimated value of the assets which are the subject of the special bankruptcy estate, in the estimated value of the common and all special bankruptcy estates.

**Article 227**

*(concentration principle)*

(1) A creditor may enforce a claim for the fulfilment of a liability incurred before the initiation of bankruptcy proceedings in relation towards the debtor in bankruptcy only in bankruptcy proceedings against such debtor and pursuant to the rules of such procedure, unless otherwise provided for by the law in respect of a particular case.

(2) A creditor who fails to meet the time limit for the execution of acts that should be done pursuant to this Act with regard to enforcement of a claim as referred to in the
first paragraph of this Article, shall lose the right to ask the debtor in bankruptcy to fulfil such liability, and the right to payment from the distribution estate.

**Article 228**

(a principle of limiting risks)

When administering a bankruptcy estate and performing other operations which may be, under this Act, performed by a debtor in bankruptcy, not all business risks shall be assumed which are characteristic of the operation of a going-concern, but only those necessary for the realisation of the creditors' interests to be paid the claims exercised in bankruptcy proceedings.

**Article 229**

(entries in the register in relation to bankruptcy proceedings)

(1) The following shall be entered in the register:

1. the initiation of bankruptcy proceedings,
2. the resolution of termination of the same.

(2) At the same time as the initiation of bankruptcy proceedings, the following shall be entered in the register:

1. "bankrupt" added to the business name,
2. for a person who are authorised representatives, the following should be entered:
   – the expiry of powers of representation of the debtor’s representatives referred to in the first paragraph of Article 245 of this Act, and
   – identification data on the administrator referred to in the third paragraph of Article 110 of this Act as a new representative, if the administrator performs the competencies and tasks of the administrator as his profession in the legal form or a lawyer or as sole proprietor, data referred to in point 5 of the third paragraph of Article 110 of this Act; in other cases data referred to in points 1, 2 and 4 of the third paragraph of Article 110 of this Act.

**Section 5.2: Deciding on the initiation of bankruptcy proceedings**

**Article 230**

(general rule)

(1) The initiation of bankruptcy proceedings shall be decided by the court on the petition of an entitled petitioner of the proceedings.

(2) The court shall decide ex officio on the initiation of bankruptcy proceedings only if so provided for by law in respect of a particular case.

**Article 231**

121
(entitled petitioner)

A petition in bankruptcy shall be presented by:
1. the debtor,
2. personally liable shareholder of the debtor,
3. a creditor who demonstrates the probability of:
   – his claim against the debtor who is the subject of his petition in bankruptcy and
   – the circumstances of the debtor's delay of more than two months in payment of such claim,
4. Public Guarantee and Maintenance Fund of the Republic of Slovenia, which demonstrates the probability of:
   – a claim of employees against the debtor who is the subject of the petition in bankruptcy and
   – the circumstances of the debtor's delay of more than two months in payment of such claim.

Article 232
(a petition in bankruptcy)

(1) A petition in bankruptcy shall contain:
1. identification data on the debtor,
2. a description of facts and circumstances indicating that the debtor became insolvent, and related evidence,
3. a claim for the court to initiate bankruptcy proceedings against the debtor.

(2) A petition in bankruptcy shall be attached by:
1. any eventual documentary evidence on the debtor’s insolvency and
2. evidence on the duty paid for a resolution on the initiation of bankruptcy proceedings and an advance payment to cover the initial costs of bankruptcy proceedings.

(3) The petition in bankruptcy presented by the debtor (hereinafter referred to as: debtor’s petition in bankruptcy) shall not be subject to point 2 of the first paragraph, and point 1 of the second paragraph of this Article.

(4) The petition in bankruptcy presented by the creditor (hereinafter referred to as: creditor’s petition in bankruptcy) shall contain also a description of the facts and circumstances demonstrating the probability of having a claim against the debtor, and that the debtor’s payment of such claim is more than two months in arrears.

(5) The creditor shall attach the petition in bankruptcy by any eventual documentary evidence on his claim and the delay in payment.
(6) The petition in bankruptcy may be withdrawn until a resolution on the initiation of bankruptcy proceedings is issued.

**Article 233**

(advance to cover initial costs of bankruptcy proceedings)

(1) When a petitioner files petition in bankruptcy, he is obliged to deposit an amount to cover the initial costs of bankruptcy proceedings, which amounts to:

1. a lump-sum compensation for publications referred to in the fifth paragraph of Article 122 of this Act,
2. a minimum compensation to the administrator referred to in point 1 of the fourth paragraph of Article 103 of this Act, and
3. a lump-sum compensation for covering other costs of bankruptcy proceedings which terminate without a distribution of assets to creditors as determined by a regulation referred to in point 3 of Article 114 of this Act.

(2) If bankruptcy proceedings are opened by a petition of a creditor, and the amount of the realised bankruptcy estate exceeds the amount of costs referred to in the first paragraph of this Article, the creditor shall have the right to refund of the deposited amount under the rules governing the payment of costs of bankruptcy proceedings.

**Article 234**

(procedure with a debtor’s petition in bankruptcy)

(1) If bankruptcy proceedings are opened by a petition of a debtor, it shall be considered, unless proven otherwise, that the debtor is insolvent.

(2) The first paragraph of this Article shall apply *mutatis mutandis* also to a petition in bankruptcy presented by a personally liable shareholder of the debtor.

(3) The presumption of insolvency referred to in the first paragraph of this Article may be challenged only by a partner of the debtor or the debtor if the petition in bankruptcy has been presented by his personally liable shareholder.

(4) The debtor’s partner or the debtor, if the petition in bankruptcy has been presented by his personally liable shareholder, may challenge the presumption of insolvency referred to in the first paragraph of this Article by an appeal against the resolution on the initiation of bankruptcy proceedings, which shall be attached by evidence on the debtor’s solvency.

**Article 235**

(procedure with a creditor’s petition in bankruptcy)
(1) The court shall, within three working days following the receipt, serve on the debtor the creditor’s petition in bankruptcy and warn him of the legal consequences referred to in the third paragraph of this Article.

(2) The debtor may, within fifteen days following the receipt of the creditor’s petition in bankruptcy, raise an objection asserting that he is not insolvent or that the creditor’s claim does not exist.

(3) Upon the debtor’s declaration to agree with the creditor’s petition in bankruptcy, or if he does not, within fifteen days following the receipt, enter either an objection referred to in the second paragraph of this Article or a request as referred to in the first paragraph of Article 236 of this Act, it shall be considered, unless proven otherwise, that the debtor is insolvent.

(4) Challenging the presumption of insolvency referred to in the third paragraph of this Article shall, *mutatis mutandis*, be subject to the third and fourth paragraphs of Article 234 of this Act.

**Article 236**

*(request to suspend a decision on the creditor’s petition in bankruptcy)*

(1) The debtor may, within the time limit referred to in the second paragraph of Article 235 of this Act, require the court to suspend decision on the creditor's petition in bankruptcy, as he will eliminate his insolvency by the execution of financial restructuring (hereinafter referred to as: request to suspend a decision on the creditor’s petition in bankruptcy).

(2) The debtor shall attach to the request to suspend a decision on the creditor’s petition in bankruptcy:
1. a report on financial restructuring measures, containing an unqualified opinion of the management as referred to in point 4 of the third paragraph of Article 35 of this Act, and
2. in the case referred to in the first paragraph of Article 36 of this Act, also evidence of a call for a general meeting, pursuant to the third paragraph of Article 36 of this Act.

(3) If the request to suspend a decision on the creditor’s petition in bankruptcy is not attached by the documents referred to in the second paragraph of this Article, the court shall, within three working days following the receipt of the request, order the debtor with a resolution to present such documents within three working days following the receipt of the resolution on supplementation.
(4) The time limit referred to in the third paragraph of this Article shall not be extended.

(5) If the debtor does not comply with the resolution on supplement of the request within the time limit referred to in the third paragraph of this Article, it shall be considered, and evidence to the contrary is not be admissible, that the debtor is insolvent.

Article 237
(suspension of a decision on the creditor’s petition in bankruptcy)

(1) The court shall issue a resolution on the suspension of a deciding on the creditor's petition in bankruptcy debtor (hereinafter referred to as: resolution on the suspension of a decision on the creditor’s petition in bankruptcy) for two months if:

1. the request to suspend a decision on the creditor’s petition in bankruptcy has been lodged within the time limit referred to in the first paragraph of Article 236 of this Act, and

2. it is attached by the documents referred to in the second paragraph of this Article, indicating that the management of the debtor:
   – has received the report on financial restructuring measures, containing an unqualified opinion of the management referred to in point 3 of the second paragraph, and point 4 of the third paragraph of Article 35 of this Act, and
   – in the case referred to in the first paragraph of Article 36 of this Act: published a call for a general meeting pursuant to the third paragraph of Article 36 of this Act.

(2) The two-month suspension period referred to in the first paragraph of this Article shall start on the day following the expiry of the time limit for lodging the request for the suspension of a decision on the creditor’s petition in bankruptcy as referred to in the first paragraph of Article 236 of this Act.

(3) In the operative part of the resolution on suspension of deciding on the creditor’s petition in bankruptcy, the last day of the two-month suspension period referred to in the first paragraph of this Article shall be indicated.

(4) The court shall issue the resolution on the suspension of a decision on the creditor’s petition in bankruptcy within three working days.

(5) The time limit referred to in the fourth paragraph of this Article shall start:

1. if the court has issued a resolution supplementing the request referred to in the third paragraph of Article 236 of this Act: as of the receipt of the supplement to the request,

2. in other cases: as of the receipt of the request to suspend a decision on the creditor’s petition in bankruptcy.
A suspension of a decision on the creditor’s petition in bankruptcy shall be without prejudice to the issue of an interim decision under Article 240 of this Act.

**Article 238**

*(justification of a request to suspend a decision on the creditor’s petition in bankruptcy)*

(1) The debtor shall, by the expiry of the two-month suspension period referred to in the first paragraph of Article 237 of this Act justify the suspension of a decision on the creditor’s petition in bankruptcy, so as to:

1. either present a petition for compulsory settlement
2. either submit evidence that:
   - he has successfully carried out an increase in the share capital by new cash contributions, and
   - he has ceased to be insolvent.

(2) If by the expiry of the two-month suspension period referred to in the first paragraph of Article 237 of this Act, the debtor does not act so as to comply with first paragraph of this Article, it shall be considered, and evidence to the contrary shall not be allowed, that the debtor is insolvent.

(3) If the debtor, by the expiry of the two-month suspension period referred to in the first paragraph of Article 237 of this Act, presents a petition for compulsory settlement, the court shall act in accordance with Article 152 of this Act.

(4) If the debtor, by the expiry of the two-month suspension period referred to in the first paragraph of Article 237 of this Act, submits evidence as per point 2 of the first paragraph of this Article, the court shall, within three working days following the receipt of such evidence, fix a hearing for the initiation of bankruptcy proceedings for a day which shall not be later than fifteen days following the receipt of such evidence.

**Article 239**

*(deciding on the initiation of bankruptcy proceedings)*

(1) The court shall issue a resolution on the initiation of bankruptcy proceedings out of the hearing and without taking evidence on whether the debtor is insolvent or whether the creditor had the capacity ad processum to present the petition:

1. if the initiation of bankruptcy proceedings is proposed by the debtor, and
2. in the case referred to in the eleventh paragraph of Article 40, the fifth paragraph of Article 152, the third paragraph of Article 235, the fifth paragraph of Article 236, or the second paragraph of Article 238 of this Act.
(2) If the debtor raises an objection as referred to in the second paragraph of Article 235 of this Act within fifteen days following the receipt of the creditor’s petition in bankruptcy, the court shall within three working days following the receipt of the objection fix the hearing for the initiation of bankruptcy proceedings for a day which shall not be later than one month following the receipt of the objection.

(3) At the hearing for the initiation of bankruptcy proceedings the court shall produce evidence on the creditor’s capacity ad processum to present the petition, and on the insolvency of the debtor, and decide on the creditor’s petition in bankruptcy on the basis of the results of the evidence-taking procedure.

(4) The debtor, members of his management and supervisory bodies, his partners and employees shall provide the court with all information and explanations, and submit documents which refer to the debtor and are significant in the light of assessing circumstances as referred to in the third paragraph of this Article.

(5) The obligation referred to in the fourth paragraph of this Article shall, mutatis mutandis, be subject to the act regulating civil procedure, on the duties of a witness, and on the legal consequences of the violation of such a duty.

Article 240
(interim decision against a debtor in bankruptcy)

(1) After introduction of bankruptcy proceedings, the court conducting the preliminary bankruptcy proceedings may, on a petition by the creditor who plausibly demonstrates a claim towards the debtor, issue an interim decision to secure monetary claims of all creditors against the debtor.

(2) The interim decision referred to in the first paragraph of this Article shall be subject toArticles 270 and 271 of ZIZ, unless otherwise provided for in this Article.

(3) With the aim of securing monetary claims referred to in the first paragraph of this Article, the court may issue any interim decision which may enable to achieve the purpose of securing, and in particular:
1. limit entitlements of the debtor, or his management, or holders of procuration to conclude contracts or execute other legal transactions,
2. order the provider of payment services who keeps the debtor's transaction account to execute the debtor’s payment orders to the debit of such account only with the consent of the court,
3. prohibit the debtor of disposing of or encumbering his immovable property or real rights registered to his benefit in immovable property, and order a note in the land register,
4. determine that the consent of the court represents an assumption of the validity of the legal transactions of the debtor which are a legal basis for disposing of the debtor’s assets.

(4) The interim order referred to in points 1 and 4 of the third paragraph of this Article shall be entered in the register.

Article 241

(time limit for deciding on the initiation of bankruptcy proceedings)

(1) The court shall issue a resolution on the initiation of bankruptcy proceedings within three working days.

(2) The time limit referred to in the first paragraph of this Article shall start:
   1. if the petition in bankruptcy is presented by the debtor or his personally liable shareholder: as of the presentation of the petition in bankruptcy,
   2. in the case referred to in the third paragraph of Article 235 of this Act: as of the expiry of the time limit for objection referred to in the second paragraph of Article 235 of this Act,
   3. in the case referred to in the fifth paragraph of Article 236 of this Act: from the expiry of the time limit for supplementing the requirements referred to in the third paragraph of Article 236 of this Act,
   4. in the case referred to in the second paragraph of Article 238 of this Act: from the expiry of the two-month suspension period referred to in the first paragraph of Article 237 of this Act,
   5. in the case referred to in the fourth paragraph of Article 238 or the second paragraph of Article 239 of this Act: from the end of the hearings.

Article 242

(resolution on the initiation of bankruptcy proceedings)

(1) The operative part of the court’s resolution on the initiation of bankruptcy proceedings (hereinafter referred to as: resolution on the initiation of bankruptcy proceedings) shall contain:
   1. identification data on the debtor in bankruptcy and
   2. the court’s decision on the initiation of bankruptcy proceedings.

(2) If the court’s resolution on the initiation of bankruptcy proceedings is issued upon a proposal by the creditor, an appeal against such resolution may be lodged also by the partner of the debtor in bankruptcy.

(3) The court shall publish the resolution on the initiation of bankruptcy proceedings on the same day of its issue.
Article 243

(notice of the initiation of bankruptcy proceedings)

(1) The court shall inform the creditors on the initiation of bankruptcy proceedings with a notice (hereinafter referred to as: notice of the initiation of bankruptcy proceedings).

(2) The notice of the initiation of bankruptcy proceedings shall contain:
   1. data on the court conducting the proceedings, and the reference number of the case under which the procedure is conducted,
   2. data referred to in the first paragraph of Article 242 of this Act,
   3. identification data on the administrator,
   4. a call to creditors to lodge their claims, rights to separate settlement and exclusion rights in bankruptcy proceedings within three months following the publication of the notice, with an application in two copies, and a caution on the legal consequences of a delay in application,
   5. publication date of the notice.

(3) The court shall publish the notice of the initiation of bankruptcy proceedings at the same time as the resolution on the initiation of bankruptcy proceedings.

Section 5.3: Legal consequences of the initiation of bankruptcy proceedings

Subsection 5.3.1: General rules concerning the legal consequences of the initiation of bankruptcy proceedings

Article 244

(the coming into effect of the legal consequences of the initiation of bankruptcy proceedings)

(1) The legal consequences of initiation of bankruptcy proceedings shall come into effect as of the beginning of the day of publication of the notice of the initiation of bankruptcy proceedings.

(2) If the resolution on the initiation of bankruptcy proceedings is set aside by virtue of an appeal, but the court has, in a repeated procedure, once again issued the resolution on the initiation of bankruptcy proceedings, the legal consequences of the initiation of bankruptcy proceedings shall be considered to occur as of the day when the notice of the initiation of bankruptcy proceedings was published on the basis of the first resolution on the initiation of bankruptcy proceedings.

Article 245

(delegation of powers to the administrator)
(1) With the initiation of bankruptcy proceedings, the powers of the debtor’s representatives, holders of procuration and other persons authorised to represent the debtor, as well as the powers of the management of the debtor to conduct his operations, shall expire.

(2) With the initiation of bankruptcy proceedings, the administrator shall acquire the powers to represent the debtor in bankruptcy and the conduct of his operations referred to in the second paragraph of Article 97 of this Act.

(3) The administrator shall, on the next working day following the initiation of bankruptcy proceedings at the latest, inform the providers of payment services who keep the debtor's transaction accounts of the initiation of bankruptcy proceedings.

**Article 246**

*(termination of validity of debtor’s payment orders and other payments to the debit of the debtor’s transaction account)*

(1) When bankruptcy proceedings are initiated, the payment orders for executing a legal transaction or another legal action for the account of the debtor issued by the debtor prior to the initiation of bankruptcy proceedings shall no longer be valid, unless otherwise provided for in the second and third paragraphs of this Article, or in another law in respect of a particular type of payment order.

(2) The initiation of bankruptcy proceedings shall not affect the validity of the debtor’s payment order, executed by the receiver of such order within eight days following the publication of the notice of the initiation of bankruptcy proceedings, provided that he was not aware of the initiation of bankruptcy proceedings when executing the order, unless otherwise provided for by the law in respect of a particular type of payment order.

(3) The initiation of bankruptcy proceedings shall not affect the validity of the debtor’s payment order to the debit of his transaction account if the provider of payment services keeping this transaction account has received notification from the administrator of the initiation of bankruptcy proceedings at the time when the payment order could no longer be cancelled under Articles 64 or 65 of ZPlaP.

(4) After the initiation of bankruptcy proceedings the provider of payment services shall not execute any payment to the debit of the insolvent debtor's transaction account on the basis of a resolution on execution or resolution on compulsory settlement, even if by the time the conditions for the execution of such payment laid down in ZIZ or in act governing the tax procedure are satisfied, he has not received a resolution from the enforcement court or tax authority providing for the suspension of the enforcement procedure under the first paragraph of Article 132 of this Act.
(5) The prohibition referred to in the fourth paragraph of this Article shall apply to payments, the execution of which may no longer be cancelled under Articles 64 or 65 of ZPlaP, when the provider of payment services receives the notification of the administrator on the initiation of bankruptcy proceedings.

(6) The prohibition referred to in the fourth paragraph of this Article shall apply until such time as the provider of payment services receives the resolution of the enforcement court or tax authority on the continuation of the enforcement procedure referred to in the second paragraph of Article 281 of this Act.

Article 247

(cession of validity of debtor’s offers)
When bankruptcy proceedings are initiated, the offers given by the debtor in bankruptcy prior to the initiation of bankruptcy proceedings shall no longer be valid, unless the receiver has received such offer before the initiation of bankruptcy proceedings.

Article 248

(cancellation of rental and lease contracts)
(1) When bankruptcy proceedings are initiated, the debtor in bankruptcy shall acquire the right to cancel rental and lease contracts (hereinafter referred to as: right of notice) concluded prior to the initiation of bankruptcy proceedings, with one month’s notice, irrespective of the general rules provided for by the law or a contract concerning the right to cancel a rental or lease contract which would apply if the debtor in bankruptcy as a tenant or a lessor was not the subject of the initiated bankruptcy proceedings.

(2) If the debtor in bankruptcy exercises the right of notice, the period of notice shall start on the last day of the month in which the other party to the contract has received the statement of the debtor in bankruptcy on the cancellation, and shall expire on the last day of the following month.

(3) Exercising the right of notice under the first and second paragraphs of this Article shall be without prejudice to the right of the other party to the contract to request from the debtor in bankruptcy compensation for damages incurred by such party for the reason that the right of notice has been executed contrary to the general rules referred to in the first paragraph of this Article.

(4) The other party to the contract shall lodge a claim for compensation for damages referred to in the third paragraph of this Article in bankruptcy proceedings, and shall
be paid from the distribution estate under the rules of this Act concerning payment of creditors’ claims.

**Article 249 (suspension of the statute of limitations of claims of the debtor in bankruptcy)**

The statute of limitation of claims of a debtor in bankruptcy against debtors shall not run within the period of one year following the initiation of bankruptcy proceedings.

**Article 250**

*(right of reclamation)*

1. A seller who has not been paid the full purchase price shall have the right to demand the return of the goods which were delivered to the debtor in bankruptcy from elsewhere and before the start of bankruptcy proceedings if they have not arrived at the destination, or the debtor in bankruptcy has not yet taken possession of such goods (hereinafter referred to as: right of reclamation).

2. Also, a commission agent of the purchase committee shall have a reclamation right.

3. If the debtor in bankruptcy has taken over goods at their destination before the initiation of bankruptcy proceedings only for safekeeping purposes, the seller shall not have a right of reclamation, but may exercise the exclusion right in bankruptcy proceedings.

**Article 251**

*(service of documents to the administrator in court and other procedures)*

After the initiation of bankruptcy proceedings all writings in court and other procedures which should be served to the debtor in bankruptcy as a client or to another party to the proceedings shall be served to the administrator at his address as entered under the second indent of the second paragraph of Article 229 of this Act.

**Subsection 5.3.2: Legal consequences of the initiation of bankruptcy proceedings for creditors' claims**

**Article 252**

*(claims of creditors which are affected by the initiation of bankruptcy proceedings)*

The legal consequences of the initiation of bankruptcy proceedings provided for in Subsection 5.3.2 of this Act shall come into effect for all claims of creditors against the debtor in bankruptcy, incurred before the initiation of bankruptcy proceedings, unless otherwise provided for by the law in respect of a particular case.
Article 253

(conversion of non-monetary claims into monetary claims)

(1) Upon the initiation of bankruptcy proceedings, a non-monetary claim of the creditor against the debtor in bankruptcy shall be converted into a pecuniary claim according to the market value upon the initiation of bankruptcy proceedings.

(2) The market value of the claim converted under the first paragraph of this Article shall be determined by market prices for those assets which are the subject of a non-monetary claim, or for services.

Article 254

(conversion of occasional duty claims)

Upon the initiation of bankruptcy proceedings, the monetary and non-monetary claims of creditors against an debtor in bankruptcy the subject of which are occasional duties shall be converted into lump-sum claims.

Article 255

(conversion of claims expressed in a foreign currency)

Upon the initiation of bankruptcy proceedings, monetary claims of creditors against a debtor in bankruptcy expressed in a foreign currency shall be converted into claims expressed in euros at the rate published or determined and published by the Bank of Slovenia, and which applies on the day of the initiation of bankruptcy proceedings.

Article 256

(remuneration of claims)

(1) Upon the initiation of bankruptcy proceedings, the interest rates of contractual or default interest which apply to the claims of creditors against the debtor in bankruptcy shall be changed so that the interest of the claims of creditors remunerated before the initiation of bankruptcy proceedings run from the initiation of bankruptcy proceedings at the prescribed interest rate.

(2) If a claim of the creditor against the debtor in bankruptcy is not remunerated prior to its maturity, and the claim is not yet mature at the initiation of bankruptcy proceedings, interest on such a claim at the prescribed interest rate shall run as of the maturity of such claim.

Article 257

(the right of the debtor in bankruptcy to early payment)

(1) If, pursuant to the rules of this Act concerning payment to creditors from the common or special distribution estate, conditions for the payment of the claim of an
individual creditor are met prior to the maturity of such claim, the debtor in bankruptcy shall have, irrespective of the general rules provided for by the law or a contract concerning the right to the early payment which would apply if the debtor in bankruptcy was not the subject of the initiated bankruptcy proceedings, the right to the early payment of such claim, and thus subtract the relevant interest for the period from the payment until maturity.

(2) When interest on the claim referred to in the first paragraph of this Article until its maturity do not run, the principal of the claim shall be decreased by interest according to the leading interest rate for the period from the payment until maturity.

Article 258
(interruption of limitation of claims)
A limitation of the creditor's claim against the debtor in bankruptcy shall be interrupted by lodgement of such claim in bankruptcy proceedings.

Article 259
(claims, related to the condition on deferral)
If the creditor's claim is related to the condition on deferral, and such condition is not realised until the drawing up of a plan of final distribution, such claim shall terminate.

Article 260
(claims related to resolutory condition)
If the debtor's claim is related to a resolutory condition, and such condition is not realised until the drawing up of a plan of final distribution, such condition shall be considered as non-existent and the claim rendered unconditional.

Article 261
(offsetting of claims at the initiation of bankruptcy proceedings)
(1) If upon the initiation of bankruptcy proceedings there is a coexistence of a claim of an individual creditor against the debtor in bankruptcy and a counterclaim of the debtor in bankruptcy against such creditor, such claims shall be, upon the initiation of bankruptcy proceedings, considered as offset, unless otherwise provided for in Article 263 of this Act.

(2) The first paragraph of this Article shall apply also in respect of non-monetary claims and claims which are not yet due on the initiation of bankruptcy proceedings.
(3) For the claims of creditors and counterclaims of the debtor in bankruptcy which are the subject of the offsetting referred to in the second paragraph of this Article, Articles 253 to 255 of this Act shall apply *mutatis mutandis*.

(4) The creditor shall not lodge a claim against the debtor in bankruptcy, which terminates as a result of the offsetting under the first paragraph of this Article, in bankruptcy proceedings; however, the creditor shall inform the administrator on the offset within three months following the publication of the notice of the initiation of bankruptcy proceedings.

(5) If the creditor does not inform the administrator of the offset as provided for in the fourth paragraph of this Article, he shall be responsible to the debtor in bankruptcy for any costs and other damages incurred due to the creditor's omission.

**Article 262**

*(offset of conditional claims)*

(1) If a claim of the creditor against the debtor in bankruptcy is associated with a condition, the offset referred to in the first paragraph of Article 261 of this Act shall be carried out:
1. upon the request of the creditor that the offset should be carried out, and
2. if the court consents to the carrying out of the offset.

(2) The court may link its consent referred to in point 2 of the first paragraph of this Article to the condition that the creditor provides adequate security for fulfilment of liabilities against the debtor in bankruptcy which terminates on the account of the offset, if until the final distribution the condition of deferral is not realised, or the resolutory condition is realised, which is linked with the creditor’s claim against the debtor in bankruptcy which is the subject of the offset.

**Article 263**

*(unauthorised offsetting of claims upon the initiation of bankruptcy proceedings)*

The offsetting of mutual claims referred to in the first paragraph of Article 261 of this Act shall not be permitted:
1. if the creditor has acquired the claim against the debtor in bankruptcy through assignment of the claim within the period as of the beginning of the six months prior to the introduction of bankruptcy proceedings up to the initiation of bankruptcy proceedings, and
2. if when acquiring such claim the creditor was aware of, or should have been aware of, the fact that the debtor was insolvent.

**Article 264**
(prohibition to offset of claims of a debtor in bankruptcy arising after the initiation of bankruptcy proceedings)

A claim of the creditor against the debtor in bankruptcy which has arose prior to the initiation of bankruptcy proceedings shall not be offset against a counterclaim of the debtor in bankruptcy against such creditor which occurred after the initiation of bankruptcy proceedings.

Subsection 5.3.3: Special rules for mutually unfulfilled bilateral contracts

Article 265

(Exceptions for claims on the basis of a mutually unfulfilled bilateral contract)

(1) The initiation of bankruptcy proceedings shall not give rise to the legal consequences referred to in Subsection 5.3.2 of this Act for the mutual claims of creditors and the debtors in bankruptcy on the basis of a mutually unfulfilled bilateral contract.

(2) The debtor in bankruptcy shall meet a liability towards the creditor on the basis of a mutually unfulfilled bilateral contract pursuant to this contract and under the rules of this Act concerning the payment of the costs of bankruptcy proceedings, unless the debtor exercises the right of withdrawal pursuant to Article 267 of this Act.

(3) The creditor shall not lodge a claim against the debtor in bankruptcy on the basis of a mutually unfulfilled bilateral contract in bankruptcy proceedings, and shall have the right to payment of such claim under the rules of this Act concerning the payment of the costs of bankruptcy proceedings.

Article 266

(Special rules for mutually unfulfilled bilateral contracts)

(1) If the other party to the contract is the first to fulfil the mutually unfulfilled bilateral contract, a right shall arise to such party upon the initiation of bankruptcy proceedings to decline such fulfilment as long as the debtor in bankruptcy does not carry out fulfilment or provide it with adequate security.

(2) If the time limit for fulfilment of the liabilities of a debtor in bankruptcy on the basis of a mutually unfulfilled bilateral contract, which is determined as an essential element of such contract, expires after initiation of bankruptcy proceedings, and the debtor in bankruptcy does not fulfil his liability within such time limit, the contract shall be rescinded and the other party to the contract shall have no right to persist in fulfilling of the liability.

(3) The legal consequences of a mutually unfulfilled bilateral contract, which is rescinded for the reason of non-fulfilment under the second paragraph of this Article
shall, mutatis mutandis, be subject to the second to sixth paragraphs of Article 268 of this Act.

Article 267

(right of a debtor in bankruptcy to withdraw from a mutually unfulfilled bilateral contract)

(1) Upon the initiation of bankruptcy proceedings, the debtor in bankruptcy shall acquire the right to withdraw from a mutually unfulfilled bilateral contract.

(2) The debtor in bankruptcy may exercise the right to the withdrawal referred to in the first paragraph of this Article within three months following the initiation of bankruptcy proceedings, with the consent of the court for exercising the same.

(3) A statement on exercising the right of withdrawal made after the expiry of the period referred to in the second paragraph of this Article shall not have legal effect.

(4) The court shall consent to the exercise of the right of withdrawal if such exercise is necessary to secure more favourable conditions for the payment of creditors.

(5) The statement on exercising the right of withdrawal shall take effect after the court resolution consenting to the exercise of the right to withdrawal becomes final.

(6) If the court refuses a request from the administrator for consent to exercise the right of withdrawal, or if it does not make a decision concerning consent until the expiry of the period referred to in the second paragraph of this Article, the statement on the exercise of the right of withdrawal shall have no legal effect.

Article 268

(the legal consequences of withdrawal from a mutually unfulfilled bilateral contract)

(1) If the insolvent debtor exercises the right of withdrawal pursuant to Article 267 of this Act, the contract shall be rescinded with the day when the resolution of the court on giving its consent to exercise the right of withdrawal, becomes final.

(2) If the debtor in bankruptcy and the other party to the contract have already fulfilled a part of their liabilities based on a rescinded contract, their mutual claims for the return of the partial settlement shall be offset.

(3) The offset referred to in the second paragraph of this Article shall, mutatis mutandis, be subject to the first to third paragraphs of Article 261 of this Act.
(4) If the claim of the other party to the contract for the return of partial performance due to the offset under the second paragraph of this Article does not expire in whole, the other party to the contract shall not lodge a claim for payment of the difference in bankruptcy proceedings, and shall have the right to the payment of such difference under the rules of this Act concerning the payment of the costs of bankruptcy proceedings.

(5) Exercising the right of withdrawal pursuant to Article 267 of this Act shall be without prejudice to the right of the other party to the contract to ask from the debtor in bankruptcy compensation for damages incurred by such party as a result of the rescission of the contract with a view to exercising the right of withdrawal.

(6) The other party to the contract shall lodge a claim for the compensation for damage referred to in the fifth paragraph of this Article in bankruptcy proceedings, and shall be paid from the distribution estate under the rules of this Act concerning the payment of creditors’ claims.

Subsection 5.3.4: Challenging the legal actions of the debtor in bankruptcy

Article 269

(challengeability period)

Subsection 5.3.4 of this Act shall apply to all legal transactions and other legal actions which the debtor in bankruptcy has concluded or carried out in the period as of the beginning of the twelve months prior to the introduction of bankruptcy proceedings up to the initiation of bankruptcy proceedings (hereinafter referred to as: challengeability period).

Article 270

(termination of right to challenge under the general rules of the law of obligations)

(1) Upon the initiation of bankruptcy proceedings, the rights of creditors to challenge the debtor’s legal actions under the general rules of the law of obligations concerning the challengeability of the debtor’s legal actions expire, and such legal actions may be challenged only pursuant to the rules laid down in Subsection 5.3.4 of this Act.

(2) If the creditor has, prior to the initiation of bankruptcy proceedings, brought an action to enforce his claims by virtue of challenging the debtor’s legal actions under the general rules of the law of obligations, enforcement of such claims upon the initiation of bankruptcy proceedings shall be possible only for the account of the debtor in bankruptcy, and such change in the complaint shall not require the consent of the defendant.
(3) Procedures conducted on the basis of the complaint referred to in the second paragraph of this Article shall, *mutatis mutandis*, be subject the fourth to fifth paragraphs of Article 350 of this Act.

(4) Enforcement or securing proceedings for enforcing the claims referred to in the second paragraph of this Article shall, *mutatis mutandis*, be subject to the second to fourth paragraphs of Article 351 of this Act.

**Article 271**

(challenging legal actions)

(1) A legal action of the debtor in bankruptcy, carried out within the challengeability period shall be challengeable:
1. if the consequences of such action are:
   – either a decrease in the net value of assets of the debtor in bankruptcy, so as to enable other creditors to receive payment for their claims in a smaller portion than if the action had not been done,
   – or a person to the benefit of whom the act has been executed, has acquired more favourable payment conditions for a claim against the debtor in bankruptcy, and
2. or a person to the benefit of whom the act was executed, at the time when such act has been executed, was aware of, or should have been aware of, the fact that the debtor was insolvent.

(2) A legal action of a debtor in bankruptcy on the basis of which another person come into possession of the debtor’s assets without being liable to execute its counter-fulfilment, of for a counter-fulfilment of small value, shall be challengeable irrespective of the satisfaction of the condition provided for in point 2 of the first paragraph of this Article.

(3) A legal action which is challengeable under the first or second paragraphs of this Article shall also include omissions of a legal action which resulted in the debtor in bankruptcy losing a property right or incurring a pecuniary obligation.

**Article 272**

(presumptions on the existence of conditions applicable to challenges)

(1) If a creditor to the benefit of whom an action was carried out does not prove otherwise, it shall be considered that the condition referred to in point 1 of the first paragraph of Article 271 of this Act is satisfied:
1. if the action was carried out in order to fulfil the liabilities of the debtor in bankruptcy on the basis of a bilateral contract or another bilateral legal transaction to the benefit of the creditor who performed the counter-fulfilment prior to the performance of the debtor in bankruptcy,
2. if the creditor, as a result of a legal action of the debtor in bankruptcy, acquires the position of a creditor with the right to separate settlement concerning payment of the claim that arose prior to such act has been performed, or
3. if the act has been performed during the course of compulsory settlement proceedings contrary to Article 151 of this Act.

(2) The creditor to the benefit of whom an action was carried out shall challenge the presumption referred to in point 1 of the first paragraph of this Article if he proves that the debtor in bankruptcy has performed fulfilment within the time limit following the acceptance of his counter-fulfilment which, according to business practices, usages or practice that existed between the creditor and the debtor in bankruptcy, is considered as a normal time limit for the fulfilment of liabilities based on legal transactions having characteristics equal to those of a legal transaction that represented the basis for the execution of fulfilment of the debtor in bankruptcy.

(3) If the creditor to the benefit of whom an action was carried out does not prove otherwise, it is considered that the condition referred to in point 2 of the first paragraph of Article 271 of this Act is satisfied:
1. if the creditor has received fulfilment of a claim prior to its maturity, or has received fulfilment in a form and manner which, according to business practices, usages or practice that existed between the creditor and the debtor in bankruptcy, is not considered as a normal form or manner of fulfilment of liabilities based on legal transactions having characteristics equal to those of the legal transaction that represented the basis for the execution of fulfilment of the debtor in bankruptcy, or
2. if the action was carried out within the last three months prior to the introduction of bankruptcy proceedings.

Article 273

(legal actions which may not be subject to challenge)

Notwithstanding Article 271 of this Act, the following may not be challenged:
1. legal actions carried out by the debtor in bankruptcy during compulsory settlement proceedings pursuant to Article 151 of this Act,
2. legal actions carried out by the debtor in bankruptcy with a view to paying the claims of creditors in portions, time limits and with interest determined in the confirmed compulsory settlement,
3. payments for bills of exchange and cheques if the other party had to receive a payment so that the debtor in bankruptcy would not lose the right to recourse against other persons liable to bills of exchange or cheques.

Article 274

(challengeability of legal actions with existing executory title)
(1) The legal action referred to in Article 271 of this Act may be challenged also if the right of the person to the benefit of whom the action was performed was already subject to a judgement of a court or another state body which is or may become an executory title.

(2) If a claim for challenging the legal action referred to in the first paragraph of this Article is finally satisfied, the legal effect of the executory title against the debtor in bankruptcy shall terminate.

Article 275
(content and manner of enforcement of a challenging claim)

(1) The claim for challenging legal actions (hereinafter referred to as: challenging claim) shall include the right to claim that the effects of a legal action as referred to in Article 271 of this Act in a relationship between the debtor in bankruptcy and a person to the benefit of whom such act was carried out are annulled.

(2) The challenging claim shall be enforced by means of a complaint (hereinafter referred to as: challenging action).

(3) A challenging claim the subject of which is a legal action which represented the basis for the executed registration of ownership, or any other real right to the benefit of a certain person, shall be enforced by a cancellation complaint pursuant to point 1 of the second paragraph of Article 243 of ZZK-1, unless the cancellation of the challenged entries is not permitted under the third paragraph of Article 244 of ZZK-1.

(4) If a person to the benefit of whom an action was carried out as referred to in Article 271 of this Act exercises the establishment or fulfilment of a claim against the debtor in bankruptcy, acquired through such act, with a action or other procedural application in the procedure brought before the competent court or other state body, the challenging claim may be enforced also by way of an objection in a procedure conducted on the basis of such complaint or other procedural application (hereinafter referred to as: objection of challengeability).

(5) If a person to the benefit of whom an action was carried out as referred to in Article 271 of this Act exercises a claim or a right to separate settlement or an exclusion right acquired through such an action, by way of an application in bankruptcy proceedings, the challenging claim concerning such act may be enforced only if such claim or a right to separate settlement or exclusion right is negated pursuant to the rules of this Act concerning testing claims or rights to separate settlement or exclusion rights.
(6) If in the case referred to in the fifth paragraph of this Article the person who negated the claim or the right to separate settlement or the exclusion right, has been referred to enforce in a civil procedure a claim for establishing the non-existence of such claim or a right to separate settlement or exclusion right, he shall at the same time with such claim in the same procedure enforce also the challenging claim pursuant to the second or third paragraph of this Article.

Article 276

(capacity to enforce a challenging claim)

(1) A challenging claim may be enforced by the bankruptcy administrator on behalf of the debtor in bankruptcy.

(2) A challenging claim may be enforced on his own behalf and on the account of the debtor in bankruptcy also by any creditor who is, pursuant to this Act, entitled to carry out procedural acts in bankruptcy proceedings.

(3) Notwithstanding the first and second paragraphs of this Article, the challenging claim concerning the act referred to in the fifth paragraph of Article 275 of this Act may be enforced only by a person who negated the claim or right to separate settlement or exclusion right.

Article 277

(time limit for the enforcement of the a challenging claim)

(1) A challenging action shall be filed within six months following the publication of the notice of initiation of bankruptcy proceedings.

(2) Notwithstanding the first paragraph of this Article, a challenging action concerning the act referred to in the fifth paragraph of Article 275 of this Act shall be taken within the time limit for lodging a complaint for establishing the non-existence of such claim or a right to separate settlement or exclusion right.

(3) If a successfully enforced challenging claim results in the occurrence of a retaliatory claim as referred to in the second paragraph of Article 278 of this Act, also such claim shall be enforced by a challenging action within the time limit referred to in the first paragraph of this Article.

(4) the court shall reject the challenging action:
   1. if it is filed after the expiry of the time limit referred to in the first or second paragraph of this Article, or
   2. if in the case referred to in the third paragraph of this Article the challenging action does not enforce also the retaliatory claim.
(5) Enforcement of the objection of challengeability shall not be limited by a time period.

Article 278

(legal consequences of a successful enforcement of a challenging claim)

(1) Legal consequences under the second or third paragraph of this Article shall occur with the finality of the judgement by which, on the basis of the challenging claim, the court has annulled the legal effects of the legal action under the first paragraph of Article 275 of this Act (hereinafter referred to as: challenged legal action).

(2) If the person to the benefit of whom the challenged legal action has been carried out, has acquired on the basis of such act fulfilment of a claim, the person shall return to the debtor in bankruptcy what he has received on the basis of the challenged legal action, and if this is no longer possible, pay financial compensation at prices valid at the time of the issue of such court decision (hereinafter referred to as: retaliatory claim).

(3) If the claim of the person, to the benefit of whom the challenged legal action has been carried out, terminates as a result of the challenged legal action, against the debtor in bankruptcy, such claim shall occur again and shall be paid from the distribution estate under the rules of this act on the payment claims of creditors, if is has been lodged within the time limit referred to in the third paragraph of Article 59 of this Act.

Subsection 5.3.5: Legal consequences of the initiation of bankruptcy proceedings for rights to separate settlement and exclusion rights

Article 279

(general rule)

(1) The initiation of bankruptcy proceedings shall not affect the right to separate settlement and the claim secured by such right to separate settlement, unless otherwise provided for in the first paragraph of Article 280 of this Act.

(2) The initiation of bankruptcy proceedings shall not affect the exclusion right.

Article 280(rights to separate settlement, acquired with execution, which terminate upon initiation of bankruptcy proceedings)

(1) Upon the initiation of bankruptcy proceedings, the right to separate settlement acquired in the execution procedure initiated on the basis of a court ruling or a decision of another state body shall terminate within the period from the two months
prior to the introduction of bankruptcy proceedings until the initiation of such proceedings.

(2) In the case referred to in the first paragraph of this Article the enforcement court shall, on the basis of an objection which may be lodged by the administrator on behalf of the debtor in bankruptcy also after finality of the resolution on execution, stay the execution and set aside the resolution on execution, as well as other acts carried out in the procedure of such execution.

(3) The second paragraph of this Article shall apply mutatis mutandis also if the right to separate settlement has not yet been acquired in the execution procedure until the initiation of bankruptcy proceedings.

Article 281

(rights to separate settlement, acquired with execution, which do not terminate upon the initiation of bankruptcy proceedings)

(1) The rules laid down in this Article shall apply if the right to separate settlement is acquired in the execution procedure and was not terminated under the first paragraph of Article 280 of this Act.

(2) The enforcement court shall continue the execution procedure which was interrupted according to the first paragraph of Article 132 of this Act, and perform execution on the basis of a final resolution, as referred to in point 1 of the first paragraph of Article 304.

(3) The enforcement court shall, on the basis of an objection which may be lodged also after finality of the resolution on execution, stay execution, and set aside the resolution on execution and other acts:
1. if the right to separate settlement in bankruptcy proceedings is not declared in due time, or
2. if the person who negated the claim secured by the right to separate settlement files a complaint in due time pursuant to the second and third paragraphs of Article 307 of this Act, and such claim is finally satisfied.

(4) An objection as referred to in the third paragraph of this Article may be lodged on behalf of the debtor in bankruptcy also by the administrator, also if not having negated the claim, or the creditor the claim of whom has been finally satisfied.

Article 282

(special rules for rights to separate settlement which may be enforced out-of-court)
(1) If a creditor with a right to separate settlement has, under the general rules which apply to his right to separate settlement, the right to carry out an out-of-court sale of assets which are the subject of the right to separate settlement to secure payment of the claim secured by such right to separate settlement, he shall maintain such right also after the initiation of bankruptcy proceedings.

(2) A creditor with the right to separate settlement shall not be obliged to declare the right to separate settlement referred to in the first paragraph of this Article, and a claim secured by such right, in bankruptcy proceedings, but may enforce such right out-of-court in accordance with the general rules that apply to such right to separate settlement.

(3) The second paragraph of this Article shall not apply to the unsecured part of a claim of a creditor with the right to separate settlement which represents the amount of the claim exceeding the value of the assets which are the subject of the right to separate settlement.

Subsection 5.3.6: Legal consequences of the initiation of bankruptcy proceedings for securities issued by a debtor in bankruptcy

Article 283
(annulment and cancellation of securities)

(1) Serial securities issued by a debtor in bankruptcy shall become void upon initiation of bankruptcy proceedings.

(2) If the securities referred to in the first paragraph of this Article are issued as dematerialised securities under ZNVP (Book Entry Securities Act) (Zakon o nematerializiranih vrednostnih papirjih), the Clearing and Depositary Company shall cancel such securities from the central register of dematerialised securities by virtue of a cancellation order provided by the bankruptcy administrator on behalf of the debtor in bankruptcy.

Article 284
(claims contained in annulled securities)

(1) Claims made upon the initiation of bankruptcy proceedings contained in securities referred to in Article 283 of this Act shall be subject to Articles 253 to 264 of this Act.

(2) A holder of a claim contained in a security as referred to in the second paragraph of Article 283 of this Act shall be considered a person to the benefit of whom the security has been entered in the central register of dematerialised securities on the
balance sheet day for cancellation referred to in Article 70.a of ZNVP, unless proven otherwise by the actual holder.

**Subsection 5.3.7: Special rules on legal consequences if bankruptcy proceedings are initiated in compulsory settlement proceedings**

**Article 285**

*(application of Subsection 5.3.7)*

The special rules laid down Subsection 5.3.7 of this Act shall apply if the court issues a resolution on the initiation of bankruptcy proceedings in compulsory settlement proceedings:

1. under the fourth paragraph of Article 147 of this Act,
2. under the second paragraph of Article 149 of this Act,
3. on the basis of the creditor's petition in bankruptcy referred to in the first paragraph of Article 152 of this Act,
4. under Article 156 of this Act,
5. under the third paragraph of Article 179 of this Act,
6. under the fourth paragraph of Article 192 of this Act,
7. under the second paragraph of Article 198 of this Act, or
8. under the first paragraph of Article 208 of this Act.

**Article 286**

*(special rule on unauthorised offset of claims upon the initiation of bankruptcy proceedings)*

The period referred in point 1 of Article 263 of this Act shall run from the beginning of the six months prior to the introduction of compulsory settlement proceedings until the initiation of bankruptcy proceedings.

**Article 287**

*(special rules on the challengeability of debtor’s legal transactions)*

(1) The challengeability period referred to in Article 269 of this Act shall run from the beginning of the twelve months prior to introduction of compulsory settlement proceedings until the initiation of bankruptcy proceedings.

(2) The period referred to in point 2 of the third paragraph of Article 272 of this Act shall run from the beginning of the last three months prior to the introduction of compulsory settlement proceedings until the initiation of bankruptcy proceedings.

**Article 288**

*(special rule on the expiry of the right to separate settlement)*

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The period referred in the first paragraph of Article 280 of this Act shall run from the beginning of the two months prior to the introduction of compulsory settlement proceedings until the initiation of bankruptcy proceedings.

**Article 289**

*(special rules on the lodgement and payment of claims)*

(1) Claims lodged in compulsory settlement proceedings shall be considered as lodged in bankruptcy proceedings.

(2) Creditors shall not lodge claims, based on contracts concluded by, or other legal transactions executed by the debtor in bankruptcy from the initiation of compulsory settlement proceedings until the initiation of bankruptcy proceedings pursuant to Article 151 of this Act, in bankruptcy proceedings and shall have the right to the payment of such claims under the rules of this Act concerning the payment of the costs of bankruptcy proceedings.

**Section 5.4: Taking over the operations, business books and financial statements of an insolvent debtor, and reports by the administrator**

**Article 290**

*(application of rules on business books and financial statements)*

(1) The business books and the financial statements of debtor in bankruptcy which is a company shall be subject to Article 54, the first and second indents of the second paragraph, or the third paragraph of Article 60, and Articles 61 to 67 of ZGD-1, unless otherwise provided for in Section 5.4 of this Act.

(2) The provisions of ZGD-1 referred to in the first paragraph of this Article shall apply *mutatis mutandis* also to the business books and financial statements of a debtor in bankruptcy who is a legal entity and is not a company, unless otherwise provided for by the act governing the legal form of insolvent debtors.

(3) The administrator shall keep business books and prepare the financial statements of the debtor in bankruptcy pursuant to the accounting treatments applying to bankrupt companies, stipulated by the Slovene Accounting Standards.

**Article 291**

*(financial statements up to the initiation of bankruptcy proceedings and opening balance)*

(1) The administrator shall establish and submit to the tax authority a tax calculation as at the day prior to the initiation of bankruptcy proceedings observing the contents and time limits set by the act governing tax procedures.
(2) Furthermore, the administrator shall prepare within four months following the initiation of bankruptcy proceedings pursuant to the rules referred to in Article 290 of this Act, an opening balance sheet according to the balance as at the day of the initiation of bankruptcy proceedings.

(3) The administrator shall not be responsible for any irregularities in the financial statements referred to in the first paragraph of this Article, nor for the closing taxable income statement prepared on the basis thereof:
1. if such irregularities are caused by:
   – incorrect or poor data provided to the administrator by the persons referred to in the third paragraph of Article 292 of this Act,
   – errors or defects in the business documentation of the debtor in bankruptcy preceding the initiation of bankruptcy proceedings, or
   – other acts or omissions of the debtor in bankruptcy or persons referred to in the third paragraph of Article 292 of this Act and
2. if the administrator was not able to establish or eliminate such irregularity despite having acted with due professional care.

Article 292

(hand-over and take-over of premises, assets and operations of debtor in bankruptcy)

(1) Persons who performed the function of a member of the management of the debtor in bankruptcy upon the initiation of bankruptcy proceedings shall provide to the administrator immediately upon the issue of the court's resolution on the initiation of bankruptcy proceedings:
1. access to the premises where the debtor in bankruptcy carries out his operations or keeps his things,
2. deliver keys and any other equipment necessary for access to and the security of such premises, and
3. deliver any other assets in their possession, or the equipment and documents necessary for the take-over of such assets.

(2) The persons referred to in the first paragraph of this Article shall hand-over the operations of a debtor in bankruptcy to the administrator within three working days following the initiation of bankruptcy proceedings, and deliver to him all business and other documentation related to the debtor in bankruptcy.

(3) The administrator shall draw up a record on the hand-over and take-over referred to in the first and second paragraphs of this Article, which is to be signed by the persons referred to in the first paragraph of this Article and the administrator.
(4) If a person referred to in the first paragraph of this Article declines to sign the record referred to in the third paragraph of this Article, the administrator shall make a relevant indication in the record.

(5) The debtor in bankruptcy, members of his management and supervisory bodies, partners and employees shall provide the administrator with all explanations concerning the operations of the debtor in bankruptcy, as well as other facts and circumstances significant to the conduct of bankruptcy proceedings, or preparing financial statements as referred to in the first paragraph of Article 291 of this Act.

(6) The obligations referred to in the first and fifth paragraphs of this Article shall, mutatis mutandis, be subject to the rules of the act governing civil procedures concerning the obligations of a witness and legal consequences of the violation of such obligation.

**Article 293**

*(assistance of the police)*

(1) With respect to the circumstances of the case, the administrator may ask for the presence and assistance of the police at the hand-over over and take-over of premises, assets and documentation of the debtor in bankruptcy referred to in the first or second paragraph of Article 292 of this Act, if the administrator encounters resistance or threats or has a well-founded suspicion thereof.

(2) The costs of police assistance shall be the costs of bankruptcy proceedings.

**Article 294**

*(opening report of the administrator)*

(1) The administrator shall, within the time limit specified for the preparation of the opening balance referred to in the second paragraph of Article 291 of this Act, draw up an opening report and submit it to the court.

(2) The opening report shall include:
1. a description of bankruptcy estate which shall include data on the value of the bankruptcy estate and the assets composing such bankruptcy estate,
2. a proposal for the plan of conduct of bankruptcy proceedings referred to in Article 321 of this Act, and
3. a proposal of the cost estimate for bankruptcy proceedings as referred to in Article 356 of this Act.

(3) The administrator shall attach the opening report by financial statements referred to in Article 291 of this Act.
Article 295

(content of regular reports by the administrator)

A regular report by the administrator shall contain, in respect of the period to which it refers:
1. a description of operations and other actions carried out by the administrator,
2. the condition of realised bankruptcy estate at the beginning and at the end of the period,
3. the income from the management of the bankruptcy estate, broken down by the types of income,
4. the costs of bankruptcy proceedings, broken down by the types of cost,
5. data on the value of the bankruptcy estate which is not realised, and on assets composing such bankruptcy estate, and
6. other data necessary for a assessment of:
   – whether the administrator is acting in accordance with the plan of conduct of bankruptcy proceedings, and
   – whether the costs included in the cost estimate of bankruptcy proceedings, concerning their kind and extent, are still necessary or adequate for carrying out those actions which are to be carried out in bankruptcy proceedings.

Section 5.5: Special rules on the lodgement of claims, rights to separate settlement and exclusion rights

Article 296

(claims which should be lodged in bankruptcy proceedings)

(1) In bankruptcy proceedings creditors shall lodge all their claims against the debtor in bankruptcy which arose before the initiation of bankruptcy proceedings, with the exception of those provided for by the law which do not need to be lodged.

(2) A creditor who is responsible for the liability of a debtor in bankruptcy as a joint and several fellow debtor, guarantor or lienee shall lodge in bankruptcy proceedings also a possible claim of recourse which has not occurred before the initiation of bankruptcy proceedings, under the condition of deferral that he will, on the basis of payment of such claim executed after the initiation of bankruptcy proceedings, acquire a claim of recourse against the debtor in bankruptcy.

(3) If the fulfilment of the creditor’s claim is a responsibility of, in addition to the debtor in bankruptcy, additional joint and several fellow debtors or guarantors, the creditor may lodge and exercise in bankruptcy proceedings the total amount of the claim, for as long as it is paid in whole, under the resolutory condition which is to be realised if the creditor’s claim is paid by another joint and several fellow debtor or guarantor.
(4) A claim shall also be lodged in bankruptcy proceedings which arises after initiation of bankruptcy proceedings, if it is provided for by this Act that it should be paid from the distribution estate under the rules of this Act on the payment of creditors’ claims.

(5) If the creditor misses the time limit for lodging the claim referred to in the first, second, third or fourth paragraphs of this Article, his claim in relation to the debtor in bankruptcy shall terminate and the court shall reject the late lodgement of the claim.

(6) Notwithstanding the fourth paragraph of this Article, the priority claims referred to in points 4, 5 and 6 of the first paragraph of Article 21 of this Act are not required to be lodged in bankruptcy proceedings, and such claims shall be considered as lodged in due time with the day of their occurrence.

(7) The administrator shall enter the claims referred to in the sixth paragraph of this Article in the basic or supplemented list of tested claims, and such claims shall be considered as established in the amount indicated by the administrator in the list of tested claims in which they are included.

(8) The amount of the claims referred to in the sixth paragraph of this Article, indicated by the administrator in the list of tested claims under the seventh paragraph of this Article, may be challenged by the holder of such claims with an objection to the list in which it is included.

(9) Other creditors may not challenge the claims referred to in the sixth paragraph of this Article, which is included in the list of tested claims under the seventh paragraph of this Article, with an objection to the negation of the claim; however, such claims may be challenged by means of an objection to the supplemented list of tested claims.

**Article 297**

*(lodgement of an unsecured claim)*

(1) In addition to the data referred to in the first paragraph of Article 60 of this Act, the lodgement of a claim in bankruptcy proceedings shall contain:
1. data on the cash account to which the payment of the claim is to be credited, and
2. if the creditor has with the aim of exercising a claim prior to the initiation of bankruptcy proceedings started a civil or other procedure: also data on the court or other competent body conducting the procedure, and on the reference number of the case under which the procedure is conducted.

(2) It shall be considered that the lodgement of an unsecured claim in bankruptcy proceedings includes also a request for payment of such claim pursuant to this Act.
(3) If the lodgement of the claim fails to include the data referred to in the first paragraph of this Article, it shall not be subject to the rules on incomplete lodgements, but the creditor shall be charged all costs incurred by such omission.

(4) If, after a claim is lodged, the data referred to in point 1 of the first paragraph of this Article is changed, or if the claim passes to a new creditor as a singular or universal successor, the creditor or the new creditor shall inform the administrator thereof and provide the data to him that is necessary for payment of the claim.

(5) If the lodgement of a claim does not include the data referred to in point 1 of the first paragraph of this Article, or if a creditor or the new creditor does not inform the administrator on the change referred to in the fourth paragraph of this Article, it is considered that the creditor is in creditor’s delay concerning payment of his claim, as long as he informs the administrator on the data necessary for the payment of such claim.

Article 298

(lodgement of a secured claim and the right to separate settlement)

(1) If a claim referred to in Article 296 of this Act is secured by the right to separate settlement, the creditor shall declare in bankruptcy proceedings within the time limit for lodgement of such secured claim also the right to separate settlement, unless otherwise provided for in the second paragraph of Article 282 of this Act.

(2) The lodgement of a secured claim and the right to separate settlement shall contain:
   1. data on the secured claim referred to in the first paragraph of Article 60 of this Act,
   2. a certain application for recognition of the right to separate settlement which includes a certain description of the assets which are the subject of the right to separate settlement,
   3. a description of the facts on which the application for recognition of the right to separate settlement is based, and evidences of such facts.

(3) A declaration of the right to separate settlement shall, mutatis mutandis, be the subject to the third and fourth paragraphs of Article 60, and the first and third to fifth paragraphs of Article 297 of this Act.

(4) It is considered that the lodgement of the secured claim and the right to separate settlement in bankruptcy proceedings shall include also:
   1. an application for a priority payment of a recognised secured claim from the assets which are the subject of the right to separate settlement, and
2. an application for the payment of the unsecured part of the claim from the common
distribution estate pursuant to this Act.

(5) If a creditor misses the time limit for declaring the right to separate settlement
referred to in the first paragraph of this Article, the right to separate settlement shall
terminate.

**Article 299**

*(declaration of exclusion rights)*

(1) Creditors shall declare in bankruptcy proceedings their exclusion rights which
arose before the initiation of bankruptcy proceedings, within three months following
the publication of the notice of initiation of bankruptcy proceedings.

(2) The declaration of exclusion right shall contain:
1. a certain application for the recognition of the exclusion right, which includes a
certain description of the assets which are the subjects of the exclusion right,
2. a description of the facts on which the claim for the recognition of the exclusion
right is based, and evidences of such facts.

(3) A declaration of the exclusion right shall, *mutatis mutandis*, be the subject to the
third and fourth paragraphs of Article 60, and point 2 of the first paragraph and the
third paragraph of Article 297 of this Act.

(4) If a creditor misses the time limit for declaring the exclusion right referred to in
the first paragraph of this Article, the exclusion right shall not terminate.

(5) If in the case referred to in the fourth paragraph of this Article the administrator
sells the assets, pursuant to this Act, which are the subject of the exclusion right, a
creditor with the exclusion right shall lose the exclusion right; however, the creditor
may claim for payment of the amount reached through the sale of such assets, minus
the costs associated with the sale.

(6) The creditor with exclusion right shall have no right to claim compensation for
damage incurred to him as a result of termination of the exclusion right under the
fifth paragraph of this Article.

(7) In the case referred to in the fourth paragraph of this Article a creditor with an
exclusion right shall lose the exclusion right and the right to the payment of the
amount referred to in the fifth paragraph of this Article, if he fails to declare such
right until the publication of the plan of the first common distribution.

«Subsection 4.4.5: Deciding on compulsory settlement»
Section 5.6: Special rules on testing claims, rights to separate settlement and exclusion rights

**Article 300**

*(establishing the existence of a negated claim in a civil action)*

(1) A creditor the claim of whom is negated shall, within one month following the publication of the resolution on testing claims, file a complaint for establishing the existence of a negated claim, unless otherwise provided for in Articles 301 or 302 of this Act.

(2) The creditor shall file the complaint referred to in the first paragraph of this Article against the debtor in bankruptcy.

(3) If the claim has been negated by another creditor, the creditor shall file the complaint referred to in the first paragraph of this Article also against the creditor who negated the claim.

(4) If the creditor does not file a complaint pursuant to the first to third paragraphs of this Article within one month following the publication of the resolution on testing claims, his negated claim in relation to the debtor in bankruptcy shall terminate.

**Article 301**

*(continuation of an interrupted civil procedure for exercising a claim)*

(1) The rules laid down in this Article shall apply if the creditor has, prior to initiation of bankruptcy proceedings, initiated a civil procedure for enforcement of a claim.

(2) The reason for the interruption of the civil procedure referred to in the first paragraph of this Article as a result of the occurrence of the legal consequences of bankruptcy proceedings shall terminate upon publication of the resolution on testing claims.

(3) If the creditor’s claim referred to in the first paragraph of this Article is negated, the creditor shall within one month following the publication of the resolution on testing claims propose the continuation of the interrupted civil procedure.

(4) It shall be considered that the proposal by the creditor for the continuation of the interrupted civil procedure shall contain also a statement of the creditor on the withdrawal of the part of the claim, so as to enforce only the request for establishing the existence of the claim.
(5) If the creditor’s claim referred to in the first paragraph of this Article has been negated by another creditor, the creditor shall within the time limit referred to in the third paragraph of this Article extend the complaint to the creditor who has negated the claim as a new defendant.

(6) An extension of the complaint under the fifth paragraph of this Article shall not require the consent of a creditor who is the subject of the extension of the complaint.

(7) If the creditor does not, within one month following the publication of the resolution on testing claims, propose the continuation of the procedure pursuant to the third paragraph of this Article, and does not in the event referred to in the fifth paragraph of this Article extend the complaint to the other creditor who negated the claim, his negated claim in relation towards the debtor in bankruptcy shall terminate.

(8) If the creditor’s claim referred to in the first paragraph of this Article is recognised, his legal benefit from conducting a civil procedure on such claim shall terminate.

**Article 302**

*(establishing the non-existence of a negated claim which is based on an executory title)*

(1) The rules laid down in this Article shall apply when a claim is based on an executory title.

(2) If a creditor’s claim referred to in the first paragraph of this Article is negated, the person who negated the claim shall within one month following the publication of the resolution on testing claims, file a complaint for establishing non-existence of the negated claim.

(3) The person who negated the claim shall file the complaint referred to in the second paragraph of this Article against creditor whose claim he has negated.

(4) If neither of those who have negated the claim referred to in the first paragraph of this Article files a complaint within one month following the publication of the resolution on testing claims, pursuant to the second and third paragraphs of this Article, such claim shall be considered as recognised.

(5) If the claim referred to in the first paragraph of this Article has been negated by another creditor, the creditor shall within eight days following the filing inform the administrator on the filing of the complaint referred to in the second paragraph of this Article, and attach to the notification a copy of the complaint, including a court certificate of the filing.
Article 303

(application of rules on testing claims for testing rights to separate settlement and exclusion rights)

(1) Testing rights to separate settlement and exclusion rights shall, *mutatis mutandis*, be subject to Articles 61 to 63, 65 to 67, the first to fourth paragraphs of Article 69, and Articles 70 to 72 of this Act.

(3) In the *mutatis mutandis* application of the provisions referred to in the first paragraph of this Article, instead of the term „claim“ the term „right to separate settlement“ or „exclusion right“ shall be used.

(3) It shall be considered that a statement on the negation of a secured claim includes also a statement on negating the right to separate settlement which provides for securing of such claim.

Article 304

(legal consequences if a secured claim and the right to separate settlement are recognised)

(1) If a secured claim and the right to separate settlement which provides for securing such claim are recognised under the first paragraph of Article 67 in relation to the first paragraph of Article 303 of this Act, the court shall in the operative part of the resolution on testing claims, in addition to the decisions referred to in the second paragraph of Article 69 of this Act:

1. 1. if the right to separate settlement arose in the execution procedure:
   – establish that the claim and the right to separate settlement which provides for securing such claim are recognised, and
   – decide that the conditions are satisfied for the continuation of the execution procedure for payment of a recognised secured claim under the second paragraph of Article 281 of this Act,
2. in other cases:
   – establish that the claim and the right to separate settlement which provides for securing such claim are recognised, and
   – order the debtor in bankruptcy to make a priority payment of such claim from the assets which are the subject of the right to separate settlement.

(2) The final resolution referred to in point 2 of the first paragraph of this Article shall be the executory title.

Article 305

(exercising a negated secured claim or a right to separate settlement in a civil procedure)
(1) A creditor the right to separate settlement of whom is negated shall, within one month following the publication of the resolution on testing claims, file a complaint requesting that the court orders to the debtor in bankruptcy to make a priority payment of the secured claim from the assets which are the subjects of the right to separate settlement, unless otherwise provided for in Articles 306, 307 or 308 of this Act.

(2) If also the claim is negated, the creditor shall with the complaint referred to in the first paragraph of this Article require also establishment of the existence of the negated claim, irrespective of whether the claim is based on an executory title.

(3) The complaint referred to in the first paragraph of this Article shall, mutatis mutandis, be subject to the first to third paragraphs of Article 300 of this Act.

(4) If the creditor does not file a complaint pursuant to the first to third paragraphs of this Article within one month following the publication of the resolution on testing claims, the following shall terminate:
1. the right to separate settlement, and
2. if also the claim has been negated secured by such right to separate settlement: such claim.

Article 306

(continuation of an interrupted civil procedure for exercising a right to separate settlement)

(1) The rules laid down in this Article shall apply if the creditor has, prior to initiation of bankruptcy proceedings, initiated a civil procedure for exercising the right to separate settlement.

(2) Continuation of the civil procedure referred to in the first paragraph of this Article shall, mutatis mutandis, be subject to the second to sixth paragraphs of Article 301 of this Act.

(3) If the creditor does not, within one month following the publication of the resolution on testing claims, propose a continuation of the procedure pursuant to the third paragraph of Article 301 of this Act, in relation to the second paragraph of this Article, and in the event referred to in the fifth paragraph of Article 301 of this Act in relation to the second paragraph of this Act, extend the complaint to the a creditor who negated the right to separate settlement, the following shall terminate:
1. the right to separate settlement, and
2. if also the claim has been negated secured by such right to separate settlement: such claim.
Article 307

(complaint for the inadmissibility of execution if the right to separate settlement is acquired in the enforcement procedure)

(1) The rules laid down in this Article shall apply if the claim has been negated secured by a right to separate settlement referred to in the first paragraph of Article 281 of this Act.

(2) If the creditor’s claim referred to in the first paragraph of this Article is negated, the person who has negated the claim shall, within one month following the publication of the resolution on testing claims, file a complaint for establishing the non-existence of the negated claim and inadmissibility of execution.

(3) The person who has negated the claim shall file the complaint referred to in the second paragraph of this Article against the creditor whose claim he has negated.

(4) If neither of those who have negated the claim referred to in the first paragraph of this Article, files a complaint within one month following the publication of the resolution on testing claims, pursuant to the second and third paragraphs of this Article, such claim and the right to separate settlement securing such claim shall be considered as recognised.

(5) If the person who negated the claim has timely filed a complaint pursuant to the second and third paragraphs of this Article, and such claim has been finally refused, the claim and the right to separate settlement securing such claim shall be considered as recognised.

(6) In the case referred to in the fourth or fifth paragraph of this Article the court shall, upon the proposal of the creditor whose claim has been negated, issue a resolution as referred to in point 1 of the first paragraph of Article 304 of this Act.

(7) If the claim referred to in the first paragraph of this Article has been negated by another creditor, the creditor shall within eight days following the filing inform the administrator of the filing of the complaint referred to in the second paragraph of this Article, and attach to the notification a copy of the complaint, including a court certificate of the filing.

Article 308

(challenging the right to separate settlement, occurring through entry in the land register or by virtue of an executory title)
(1) The rules laid down in this Article shall apply when the right to separate settlement is negated which occurred through the entry in the land register, or by virtue of an executory title.

(2) If the creditor’s right to separate settlement is negated as referred to in the first paragraph of this Article, the person who has negated such right to separate settlement shall, within one month following the publication of the resolution on testing claims, file:
1. if he has negated the right to separate settlement for the reason that it was acquired through a challenging legal action referred to in Article 271 of this Act: a complaint pursuant to Article 275 of this Act,
2. in other cases: a complaint to establish that the right to separate settlement has been terminated or it does not exist.

(3) The person who negated the right to separate settlement shall file the complaint referred to in point 2 of the second paragraph of this Article against the creditor the right to separate settlement of whom he has negated.

(4) If neither of those who have negated the right to separate settlement referred to in the first paragraph of this Article files a complaint within one month following the publication of the resolution on testing claims, pursuant to the second or third paragraph of this Article, the claim and the right to separate settlement securing such claim shall be considered as recognised.

(5) If the person who has negated the right to separate settlement has timely filed a complaint pursuant to the second and third paragraphs of this Article, and this claim has been finally refused, the claim and the right to separate settlement securing such claim shall be considered as recognised.

(6) In the case referred to in the fourth or fifth paragraph of this Article the court shall, upon the proposal of the creditor whose right to separate settlement has been negated, issue a resolution as referred to in point 2 of the first paragraph of Article 304 of this Act.

Article 309

(legal consequences if the exclusion right is recognised)

(1) If the exclusion right is recognised under the first paragraph of Article 67 in relation to the first paragraph of Article 303 of this Act, the court shall in the operative part of the resolution on testing claims, in addition to decisions referred to in the first paragraph of Article 69 of this Act, establish that the right to separate settlement is recognised, and considering the type of the right to separate settlement:
1. order the debtor in bankruptcy to deliver the assets to the creditor which are the subject of the exclusion right, as referred to in point 1 of the first paragraph of Article 22 of this Act,

2. establish that a creditor with exclusion right has acquired the ownership of immovable property referred to in point 2 of the first paragraph of Article 22 of this Act,

3. order the debtor in bankruptcy to issue a land registry permit for the entry of ownership to the benefit of the creditor with the exclusion right, if the subject of the exclusion right, referred to in point 3 of the first paragraph of Article 22 of this Act is immovable property, or

4. order the debtor in bankruptcy to execute, to the benefit of the creditor, another legal transaction of disposal or other legal actions necessary for the execution of the exclusion right, as referred to in point 3 of the first paragraph of Article 22 of this Act.

(2) The final resolution referred to in points 1 to 4 of the first paragraph of this Article shall be the executory title.

(3) A final resolution referred to in points 2 and 3 of the first paragraph of this Article shall be a document representing the basis for entry under points 3 or 4 of the first paragraph of Article 40 of Zzk-1, and initiation of bankruptcy proceedings shall not represent an obstacle to the entry of ownership to the benefit of the creditor with exclusion right on the basis of such resolution.

(4) The second and third paragraphs of this Article shall apply mutatis mutandis also for a final judgement of the civil court brought to the satisfaction of the claim of the creditor with exclusion right in the civil action referred to in Articles 310 or 311 of this Act.

**Article 310**

*(exercising a negated exclusion right in a civil procedure)*

(1) A creditor with exclusion right, the exclusion right of whom is negated shall, within one month following the publication of the resolution on testing claims, file a complaint for exercising the claim referred to in the first paragraph of Article 309 of this Act, unless otherwise provided for in Articles 311 or 312 of this Act.

(2) The complaint referred to in the first paragraph of this Article shall, mutatis mutandis, be subject to the second and third paragraphs of Article 300 of this Act.

(3) If the creditor does not file a complaint pursuant to the first and second paragraphs of this Article within one month following the publication of the resolution on testing claims, his exclusion right shall terminate.
Article 311
(continuation of an interrupted civil procedure for exercising exclusion right)

(1) The rules laid down in this Article shall apply if the creditor with exclusion right has, prior to initiation of bankruptcy proceedings, initiated a civil procedure for exercising the claim referred to in the first paragraph of Article 309 of this Act.

(2) The continuation of the civil procedure referred to in the first paragraph of this Article shall, mutatis mutandis, be subject to the second, third, fifth, sixth and eighth paragraphs of Article 301 of this Act.

(3) If the creditor does not, within one month following the publication of the resolution on testing claims, propose continuation of the procedure pursuant to the third paragraph of Article 301 of this Act, in relation to the second paragraph of this Article, and in the event referred to in the fifth paragraph of Article 301 of this Act in relation to the second paragraph of this Act, extend the complaint to the other creditor who negated the exclusion right, his exclusion right shall terminate.

Article 312
(challenging the exclusion right which is based on an executory title)

(1) The rules laid down in this Article shall apply when an exclusion right is negated which is based on an executory title.

(2) If the creditor’s exclusion right is negated as referred to in the first paragraph of this Article, the person who negated such exclusion right shall, within one month following the publication of the resolution on testing claims, file:

1. if he has negated the exclusion right because it was acquired through a challenging legal action as referred to in Article 271 of this Act: a complaint pursuant to Article 275 of this Act,
2. in other cases: a complaint to establish that the exclusion right has been terminated or it does not exist.

(3) The person who negated an exclusion right shall file the complaint referred to in point 2 of the second paragraph of this Article against the creditor the exclusion right of whom he has negated.

(4) If neither of those who negated the exclusion right, as referred to in the first paragraph of this Article, files a complaint within one month following the publication of the resolution on testing claims pursuant to the second or third paragraph of this Article, such exclusion right shall be considered as recognised.
(5) In the case referred to in the fourth paragraph of this Article the court shall, upon the proposal of the creditor whose exclusion right has been negated, issue a resolution as referred to in the first paragraph of Article 309 of this Act.

(6) If the exclusion right referred to in the first paragraph of this Article has been negated by another creditor, the creditor shall within eight days following the filing inform the administrator on the filing of the complaint referred to in the second paragraph of this Article, and attach to the notification a copy of the complaint including a court certificate of the filing.

Article 313

(mutatis mutandis application of the rules of Section 5.6 in respect of another procedure)

(1) The rules on civil procedure laid down in Articles 300 to 312 of this Act shall apply mutatis mutandis also:
1. in respect of another court proceeding if, pursuant to the law, the existence of a claim or exercise the right to separate settlement or exclusion right shall be decided by the court in a procedure other than the civil procedure, and
2. in respect of a procedure before another state body if, pursuant to the law, the existence of a claim or exercise the right to separate settlement or exclusion right shall be decided by another state body, unless otherwise provided for in Article 314 of this Act.

(2) The rules laid down in Articles 300 to 312 of this Act, on a final court ruling by which the court has decided on a certain claim, shall apply mutatis mutandis also to a court settlement, the subject of which is such claim.

Article 314

(special rules for certain administrative procedures)

(1) The rules laid down in this Article shall apply if a claim for payment of taxes or contributions is negated in bankruptcy proceedings, or another claim which shall be decided by the competent state body ex officio and not upon the proposal or request of the creditor who is the holder of such claim.

(2) The claim referred to in the first paragraph of this Article shall not be subject to Articles 300, 301 and 302 of this Act.

(3) The person who has negated the claim referred to in the first paragraph of this Article shall, within one month following the publication of the resolution on testing claims, register his participation in the procedure in which the competent state body decides on the negated claim, and shall be entitled in such procedure to carry out such
procedural acts or file a complaint in a civil procedure which, pursuant to the rules of this procedure, fall within the entitlements of the debtor.

(4) If neither of those who have negated the claim referred to in the first paragraph of this Article registers participation in the procedure referred to in the third paragraph of this Act within one month following the publication of the resolution on testing claims, such claim shall be considered as recognised.

(5) Notwithstanding the third paragraph of this Article, the statement on negation of the claim referred to in the first paragraph of this Article shall not have a legal effect and the claim shall be considered as recognised if, pursuant to the rules of the procedure whereby the state body decides on the claim referred to in the first paragraph of this Article, the existence of such claim may no longer be challenged either by means of a legal remedy, or a complaint in an administrative dispute, or if the debtor as the person liable to tax has calculated the claim in the charge to tax.

(6) If the claim referred to in the first paragraph of this Article has been negated by another creditor, the creditor shall within eight days following the filing of the application inform the administrator on the registration of his participation in the procedure referred to in the third paragraph of this Article, and attach to the notification a copy of the application including the certificate of the body conducting the procedure, of the filing of the application.

(7) If the claim referred to in the first paragraph of this Article is recognised, the legal benefit of the debtor and other creditors concerning conducting the procedure whereby the competent body decides on the claim, lodging an appeal or other legal remedy in such procedure, and concerning a complaint in an administrative dispute against the decision of the competent body on deciding on such claim, shall terminate.

**Section 5.7: Completion of necessary operations and continuation of operations of the debtor in bankruptcy**

**Article 315**

*(general rule on operation in bankruptcy proceedings)*

Upon initiation of bankruptcy proceedings only such contracts shall be concluded or only such other operations or acts shall be carried out which are necessary for the management and realisation of the bankruptcy estate pursuant to Section 5.8 of this Act, unless otherwise provided for in Article 316 or 317 of this Act.

**Article 316**

*(completion of necessary operations)*
(1) Upon initiation of bankruptcy proceedings, the operations shall be completed which the debtor in bankruptcy started to carry out prior to initiation of bankruptcy proceedings, providing that the court permits completion of such operations.

(2) The court shall decide on the completion of operations referred to in the first paragraph of this Article on proposal by the administrator and on the basis of the opinion of the creditors' committee.

(3) The administrator shall make the proposal referred to in the second paragraph of this Article within one month following the initiation of bankruptcy proceedings.

(4) The court shall reject the proposal referred to in the second paragraph of this Article, lodged after the expiry of the time limit specified in the third paragraph of this Article.

(5) The court shall permit the completion of operations referred to in the first paragraph of this Article:
1. if such completion is necessary to prevent a reduction of the bankruptcy estate, and
2. if such completion does not cause a delay in the realisation of the bankruptcy estate and principle of limiting risks referred to in Article 228 of this Act is not violated.

(6) A resolution whereby the court decides on the proposal referred to in the second paragraph of this Article, shall be served to the administrator.

**Article 317**

*(conditions for continuation of operation of the debtor in bankruptcy)*

(1) Upon the initiation of bankruptcy proceedings, the debtor in bankruptcy may resume the production or carrying out of other operations in relation to his activity (hereinafter referred to as: continuation of operation of the debtor in bankruptcy), providing that the court permits continuation of the operation of the debtor in bankruptcy.

(2) The court shall decide on the continuation of operation of the debtor in bankruptcy on proposal by the administrator and on the basis of the consent of the creditors' committee.

(3) The administrator shall present the petition referred to in the second paragraph of this Article within one month following the initiation of bankruptcy proceedings.

(4) The court shall reject the proposal referred to in the second paragraph of this Article lodged after the expiry of the time limit specified in the third paragraph of this Article.
(5) The proposal referred to in the second paragraph of this Article shall contain the reasons necessary for the administrator to assess that continuation of the operations of the debtor in bankruptcy shall result in more favourable conditions for the sale of assets of the debtor in bankruptcy which are used in such operations, as a business whole.

(6) The court shall permit the continuation of operation of the debtor in bankruptcy:
1. upon consent from the creditors' committee,
2. if more favourable conditions are reached for the sale of assets of the debtor in bankruptcy which are used in such operations, as a business whole, and
3. if the continuation of operations does not represent a breach of the principle of limitation of the risks referred to in Article 228 of this Act.

(7) By means of a resolution permitting the debtor in bankruptcy to continue his operations, the court shall order the administrator to, within one month following the issue of the resolution, make a proposal for the sale of assets of the debtor in bankruptcy which are used in such operations, as a business whole.

(8) The resolution of the court whereby the court decides on the proposal referred to in the second paragraph of this Article shall be served to the administrator.

**Article 318**

*(special rules on continuation of operation of the debtor in bankruptcy)*

(1) The rules laid down in this Article shall apply if the debtor in bankruptcy continues operation pursuant to Article 317 of this Act.

(2) The administrator shall provide monthly reports on the operation of the debtor in bankruptcy as well as on the progress of the sale of assets of the debtor in bankruptcy which are used in such operating, as a business whole.

(3) The administrator shall attach to the report referred to in the second paragraph of this Article a monthly balance sheet and income statement.

(4) The administrator shall obtain the consent of the court in respect of each:
1. raise of loans or credits,
2. guarantee or surety for a bill of exchange given,
3. permission for the establishment of the right to separate settlement to the assets of the debtor in bankruptcy,
4. some other operations in relation to the continuation of the operations of the debtor in bankruptcy if so decided by the court issuing a resolution permitting the continuation of operation of the debtor in bankruptcy.

(5) The consent of the court on the execution of the operation referred to in the fourth paragraph of this Article shall, mutatis mutandis, be subject to the sixth paragraph of Article 317 of this Act.

Article 319
(suspension of further operations of the debtor in bankruptcy)

(1) The court shall decide that further operation of the debtor in bankruptcy shall be suspended:
1. if the administrator does not, within the time limit specified in the seventh paragraph of Article 317 of this Act, make a proposal for the sale of the assets of the debtor in bankruptcy which are used in such operations, as a business whole,
2. if, within one year following the administrator's proposal referred to in the seventh paragraph of Article 317 of this Act, the assets of the debtor in bankruptcy which are used in such operations, as a business whole have not been sold, or
3. if other circumstances occur on account of which further operations of the debtor in bankruptcy do not ensure the optimum conditions for the payment of creditors, or the principle of limiting risks is violated under Article 228 of this Act.

(2) The resolution referred to in the first paragraph of this Article shall be served on the administrator.

Section 5.8: Management and realisation of a bankruptcy estate

Subsection 5.8.1: General rules on management and realisation of a bankruptcy estate

Article 320
(realisation of bankruptcy estate)

(1) The realisation of a bankruptcy estate shall be:
1. sale of the assets of the debtor in bankruptcy,
2. collection of his claims, and
3. any other legal transaction aimed at realising his property rights.

(2) The administrator shall start to carry out acts for the realisation of the bankruptcy estate immediately upon the drawing up of his opening report, and carry out these within the time limits specified in the conduct plan of bankruptcy proceedings.

Article 321
(conduct plan of bankruptcy proceedings)

(1) The court shall lay down a conduct plan of bankruptcy proceedings on the proposal by the administrator under point 2 of the second paragraph of Article 294 of this Act, and based on the opinion of the creditors' committee.

(2) The conduct plan of bankruptcy proceedings shall include in respect of each type of asset composing the bankruptcy estate the following:
1. a description of the legal transactions and other acts which are to be carried out in relation to the realisation of such assets, and
2. time limits for the administrator to carry out such acts.

(3) If it is shown during the course of bankruptcy proceedings that due to causes which do not arise from the field of the administrator, the actions related to the realisation of the assets of the debtor in bankruptcy shall not be executed within the time limits specified in the conduct plan of bankruptcy proceedings, the court shall upon proposal by the administrator and based on the opinion of the creditors' committee, change the conduct plan of bankruptcy proceedings.

Article 322

(management of a bankruptcy estate)

(1) The management of a bankruptcy estate shall be:
1. the renting of the assets of the debtor in bankruptcy,
2. the investment of the financial assets of the debtor in bankruptcy.

(2) The administrator shall, for each operation of the management of the bankruptcy estate, prior to conclusion of the contract or execution of another legal action, obtain consent from the court.

(3) The court may grant consent for the investment of the financial assets of the debtor in bankruptcy as a general consent to apply for all operations the subject of which is an individual type of investment referred to in Article 324 of this Act.

(4) A legal transaction concluded or carried out by the administrator in breach of the second paragraph of this Article shall have no legal effect.

Article 323

(rental or leasing of the assets of a debtor in bankruptcy)

(1) Upon the initiation of bankruptcy proceedings, the assets of the debtor in bankruptcy may be rented out or leased only if this does not cause a delay in the sale of such assets.
(2) A contract on rental or leasing as referred to in the first paragraph of this Article shall only be concluded as a short-term contract and for the rental or leasing period which shall not be longer than six months.

**Article 324**

*(investment of financial assets of a debtor in bankruptcy)*

The financial assets of a debtor in bankruptcy shall be invested only in:

1. debt securities issued by:
   – the Republic of Slovenia or another Member State of the European Union,
   – the European central Bank, the Bank of Slovenia or the central bank of another Member State of the European Union,
2. debt securities, other than subordinated securities issued by a bank with a registered office in the Republic of Slovenia, or a credit institution with a registered office in another Member State of the European Union,
3. bank currency deposits at a bank or credit institution as referred to in point 2 of this Article.

**Subsection 5.8.2: Sale of the assets of a debtor in bankruptcy**

**Article 325**

*(application of Subsection 5.8.2)*

(1) Subsection 5.8.2 of this Act shall apply to the sale of all assets which belong to the common or special bankruptcy estate, unless otherwise provided for in the second or third paragraph of this Article.

(2) The sale of assets in execution procedure which the enforcement court continues under the second paragraph of Article 281 of this Act, or opens by virtue of a final resolution referred to in point 2 of the first paragraph of Article 304 of this Act, shall be subject to the rules which apply in respect of such execution procedure.

(3) The sale of assets which are the subject of the right to separate settlement referred to in the first paragraph of Article 282 of this Act shall be subject to the general rules referred to in the second paragraph of Article 282 of this Act.

**Article 326**

*(preparations for sale)*

Preparations for the sale of the assets of a debtor in bankruptcy shall include:

1. an estimate of the value of such assets, and
2. the collection of other information for the assessment of the most favourable conditions as regards time limits for its execution, and the purchase price which could be reached.
Article 327  
(estimation of the value of assets)  

(1) The administrator shall, for each asset composing a bankruptcy estate, obtain an estimate of its value for the purpose of sale (hereinafter refereed to as: estimate of the value of assets).

(2) The estimate of the value of assets shall be carried out by a valuer certified for the type of assets which are the subject of the estimation, unless otherwise provided for by the law in respect of a particular case.

(3) The estimate of the value of the assets shall be carried out on the basis of the market value and liquidation value in accordance with the standards for the estimation of value provided for by the law governing auditing.

(4) If the subject of the estimate is the value of assets which form a business whole, the certified valuer shall prepare:
1. an estimate of the value of each item or other asset which is included in the business whole, pursuant to the third paragraph of this Article, and
2. an estimate of the value of the business whole, assumed to be an operating company, in accordance with the standards for estimating value provided for by the act governing auditing.

Article 328  
(collection of other information for assessing the most favourable sale conditions)  

(1) If the value of assets can not be estimated on the basis of comparable market prices, the administrator shall publish a non-binding call for tenders or carry out other actions to obtain the information necessary for the assessment of the most favourable sale conditions.

(2) The non-binding call for tenders shall be a public invitation to make offers where the opening price is not determined and the obligation of the debtor in bankruptcy to conclude a contract with the bidder offering the highest price is excluded.

(3) The procedure of a non-binding call for tenders shall, mutatis mutandis, be subject to the first paragraph, points 1 and 5 to 7 of the second paragraph, and the third paragraph of Article 335 of this Act.

Article 329  
(method of sale)
(1) A contract on sale of assets of the debtor in bankruptcy may be concluded only on the basis of a public auction or binding call for tenders, unless otherwise provided for in the fourth paragraph of this Article.

(2) A public auction shall be an invitation to make offers whereby the debtor in bankruptcy undertakes to conclude a sales contract with the auctioneer who will offer the highest price at auction.

(3) A binding call for tenders shall be a public invitation to make offers whereby the debtor in bankruptcy undertakes to conclude a sales contract with the bidder who will offer the highest price, however not lower than the opening price, and if more than one bidder offers the same the highest price, with the one offering the shortest deadline for payment.

(4) If the public auction or the procedure of binding calls for tender for the sale of a particular asset is not successful, the contract of sale of such asset may be concluded on the basis of direct negotiations with the purchaser who made the offer in the procedure of non-binding call for tenders referred to in the second paragraph of Article 328 of this Act, carried out prior to the beginning of direct negotiations.

**Article 330**

*(opening the sale)*

(1) The sale shall be opened by virtue of a court resolution on sale (hereinafter referred to as: resolution on sale).

(2) No assets of the debtor in bankruptcy shall be sold before the resolution on the initiation of bankruptcy proceedings becomes final, unless otherwise provided for in the law in respect of a particular case.

(3) If a creditor with exclusion right has declared such right, which has been negated, in due time, the sale of the assets which are the subject of such exclusion right shall not be opened until:

1. the claim of the creditor with the exclusion right referred to in the first paragraph of Article 309 of this Act is finally refused, or
2. the exclusion right does not expire under the third paragraph of Article 310 or the third paragraph of Article 311 of this Act.

**Article 331**

*(resolution on sale)*

(1) The court issues a resolution on sale upon the proposal by the administrator and on the basis of an opinion of the creditors' committee.
(2) With a resolution on the first decision on the sale of a particular asset (hereinafter referred to as: first resolution on sale), the court shall determine:
1. the method of sale,
2. the initial minimum bid for public auctions, or the opening price for a binding call for tenders, and
3. the amount of security.

(3) If the public auction or the procedure of call for tenders for the sale of an individual asset on the basis of the first resolution on sale has not been successful, the court may with an additional resolution on sale (hereinafter referred to as: additional resolution on sale):
1. either:
   – readjudicate that the sale is to be executed by virtue of a public auction or binding call for tenders, and
   – determine a lower initial minimum bid or opening price than in the first resolution on sale;
2. either decide that a non-binding call for tenders should be carried out with a view to a sale on the basis of direct negotiations under the fourth paragraph of Article 329 of this Act.

**Article 332**

*(initial minimum bid or opening price)*

(1) The court shall determine the initial minimum bid or opening price on the basis of the estimated value of assets.

(2) The initial minimum bid or opening price shall for the first resolution on sale not be lower than one half of the value estimated on the basis of liquidation value.

(3) With the additional resolution on sale, the court may determine an initial minimum bid or opening price in the amount lower than one half of the value of assets estimated on the basis of liquidation value, if the creditors’ committee consents thereto.

(4) The first to third paragraphs of this Article shall apply *mutatis mutandis* also for the determination of the price in a sales contract concluded on the basis of direct negotiations under the fourth paragraph of Article 329 of this Act.

**Article 333**

*(security)*

(1) Security shall be an amount the payment of which shall enable the auctioneer at a public auction, or bidder at a call for tenders, to consolidate his obligation to
conclude a sales contract, provided to have success at the auction or in the procedure of call for tenders.

(2) The amount of security shall not be lower than:
1. if the initial minimum bid or opening price is not higher than EUR 200 000: 10 per cent of the initial minimum bid or opening price,
2. in other cases: EUR 20 000 and also than 5 per cent of the initial minimum bid or opening price.

(3) Public auctions or procedures of calls for tenders may be attended only by those who pay a security one working day before the public auction or until the expiry of the time limit for the submission of tenders at calls for tenders, unless otherwise provided for in the fourth paragraph of this Article.

(4) If the amount of security is higher than EUR 20 000, the auctioneer or bidder may, instead of paying the security, deliver an irrevocable bank guarantee within the time limit referred to in the second paragraph of this Article, to the benefit of the debtor in bankruptcy as the beneficiary, upon the first call by the bank having a registered office in the Republic of Slovenia or another Member State of the European Union, in the amount equal to the amount of the security, to secure his obligation to pay a penalty for failing to meet the obligation of concluding a sales contract referred to in the eighth paragraph of Article 334 or sixth paragraph of Article 335 of this Act.

(5) If the auctioneer or bidder is not successful in the public auction or procedure of call for tenders, the debtor in bankruptcy shall return to him the amount of the paid security or the bank guarantee within three working days after the public auction is closed, or after the expiry of the time limit for the administrator to submit a statement on the selection of the bidder at the public call for tenders.

(6) If the auctioneer or bidder is successful in the public auction or procedure of call for tenders, and concludes a sales contract pursuant to this Act, the payment of security shall be considered as depositing earnest money as the indication of a conclusion of such a sales contract.

**Article 334**

**(public auction)**

(1) If the court decides with a resolution on sale that the sale of assets should be carried out by virtue of a public auction, the administrator shall, within eight days following the finality of such resolution, submit to the court an invitation to tender for a public auction with a view to publication under the first paragraph of Article
122 of this Act, which the court shall publish on the next working day following the receipt..

(2) The invitation to tender for the public auction shall contain:
1. a description of the assets to be sold,
2. the initial minimum bid and the raise of such bid in an individual step of the auction,
3. the amount of security and the number of the transaction account of the debtor in bankruptcy to which the payment of such amount is to be credited,
4. other conditions of sale pursuant to Articles 337 to 343 of this Act,
5. the day, hour and place of the auction,
6. the place where the assets to be sold may be examined, and the time when such examination is possible.

(3) The invitation to tender for the public auction shall be published at the latest:
1. if the initial minimum bid is higher than EUR 50 000: one month prior to the auction day,
2. in other cases: eight days prior to the auction day.

(4) The auction shall be conducted by the administrator or another person under his authorisation.

(5) Minutes shall be kept on the course of the auction.

(6) When the auction is closed, the person conducting the auction shall announce the auctioneer who has succeeded at the auction, and inform him of the time when the written contract is to be concluded, which shall not be later than three working days after the auction is closed.

(7) The administrator shall prepare the wording of the contract to be signed by the administrator and the auctioneer who has succeeded at the auction, on the premises of the debtor in bankruptcy at the time referred to in the sixth paragraph of this Article, if they do not agree on some other place for the conclusion of the contract.

(8) If the auctioneer who succeeded at the auction does not sign the contract at the time referred to in the sixth paragraph of this Article, he shall pay to the debtor in bankruptcy a penalty for non-fulfilment of the obligation to conclude the sales contract in the amount equal to the amount of the security.

(9) In the case referred to in the eighth paragraph of this Article, payment of the security shall be considered as payment of the penalty, and the debtor in bankruptcy shall thus maintain the paid amount of the security.
Article 335 (invitation to make offers)

(1) If the court decides with a resolution on sale that the sale of assets should be carried out by virtue of a public call for tenders, the administrator shall, within eight days following the finality of such resolution, submit to the court an invitation to make offers with a view to publication under the first paragraph of Article 122 of this Act, which the court shall publish on the next working day following the receipt.

(2) The invitation to make offers shall contain:
1. a description of the assets to be sold,
2. opening price,
3. the amount of security and the number of the transaction account of the debtor in bankruptcy, to the credit of which the auctioneer shall pay such amount,
4. other conditions of sale pursuant to Articles 337 to 343 of this Act,
5. time limit for submission of offers,
6. the place where the assets to be sold may be examined, and the time when such examination is possible,
7. the time limit by which the bidders shall be informed on the result of the public call for tenders.

(3) The invitation to make offers shall be published at the latest:
1. if the initial minimum bid is higher than EUR 100 000: two months prior to the expiry of the time limit for the submission of offers,
2. in other cases: one month prior to the expiry of the time limit for the submission of offers.

(4) The administrator shall inform the bidders on the result of the public call for tenders within the time limit determined in the invitation to make offers, which shall not be later than fifteen days following the expiry of the time limit for submission of offers.

(5) The administrator shall provide the bidder who succeeded in the procedure of public call for tenders, in addition to the notification of the result, also with the wording of the contract, and call on him to provide the administrator with a signed copy of the contract within three working days following the receipt.

(6) If the bidder who succeeded in the procedure of public call for tenders does not provide the administrator with a signed copy of the contract within the time limit specified in the fifth paragraph of this Article, he shall pay to the debtor in bankruptcy a penalty for non-fulfilment of the obligation to conclude the sales contract in the amount equal to the amount of the security.
In the case referred to in the sixth paragraph of this Article, payment of the security shall be considered as payment of the penalty, and the debtor in bankruptcy shall, thus, maintain the paid amount of the security.

**Article 336**

(Other conditions of sale)

(1) A sales contract concluded by the debtor in bankruptcy shall be subject to the rules laid down in Articles 337 to 343 of this Act.

(2) The application of the rules referred to in the first paragraph of this Article may not be excluded by virtue of the contract.

**Article 337**

(Persons with whom the contract shall not be concluded)

(1) The debtor in bankruptcy shall not conclude a contract on the sale of assets with:
   1. a person who has, in the last two years prior to the initiation of bankruptcy proceedings, performed the function of a member of the management or supervisory body, or a function of the holder of procuration of the insolvent debtor,
   2. a bankruptcy administrator or judge conducting the procedure,
   3. a shareholder the shareholding of whom in the capital of the debtor in bankruptcy is greater than 10 per cent,
   4. a person who holds in relation to the person referred to in points 1, 2 or 3 of this paragraph the position of a closely related person,
   5. a legal entity in the capital of which the person referred to in points 1 to 4 of this paragraph holds a shareholding greater than 50 per cent.

(2) The purchaser shall, prior to concluding the contract with the debtor in bankruptcy, give a written statement that no obstacle exists to concluding the contract referred to in the first paragraph of this Article.

(3) The first paragraph of this Article shall not apply to a sale to a person entitled to exercise a pre-emptive right who, pursuant to this Act, exercises a legally protected pre-emptive right.

**Article 338**

(Earnest)

(1) The purchaser shall, as an indication of concluding the contract, deposit earnest money within the time limit specified in the contract, which shall not be longer than five working days following the conclusion of the contract.
(2) Determination of the amount of the earnest shall, mutatis mutandis, be subject to the second paragraph of Article 333 of this Act.

(3) The sales contract shall be concluded under the condition of deferral, that the purchaser deposits the earnest money referred to in the first paragraph of this Article, and under a resolutory condition which is realised if the purchaser fails to deposit the earnest money within such time limit.

Article 339
(time limit for the payment of purchase price and delivery of assets sold to the purchaser)
(1) The time limit for the payment of the purchase price shall not be longer than three months following the conclusion of the sales contract.

(2) The purchaser may refuse to pay the purchase price until the court resolution on the consent to the sales contract becomes final.

(3) If the payment of the purchase price by the purchaser is in delay for more than fifteen days, the debtor in bankruptcy may withdraw from the sales contract, without being obliged to give to the purchaser an additional time limit for fulfilment.

(4) The debtor in bankruptcy shall not deliver the own property of the sold assets to the purchaser, nor carry out any other legal actions for the transfer of ownership or any other property right to the purchaser, until he pays the whole purchase price.

Article 340
(exclusion of responsibility for factual defects)
The debtor in bankruptcy shall not be responsible for factual defects in the assets which are the subject of sale.

Article 341
(consent to conclusion of sales contract)
(1) The sales contract shall be concluded under the condition of deferral, that the court will give consent thereto, and under the resolutory condition which is realised if the court refuses to give its consent.

(2) The court shall decide on consent to the conclusion of sales contract upon the proposal by the administrator.
(3) The administrator shall submit to the court the proposal for consent to the sales contract within three working days following the conclusion of the sales contract, and attach this by the wording of the contract, and concerning the method of sale:
1. at a sale on the basis of a public auction: minutes of the auction,
2. at a sale on the basis of a public call for tenders: a report on the offers which he received, including data on bidders and prices offered,
3. at direct sale: a report on the offers which he received on the basis of a non-binding call for tenders, and on the course of negotiations with bidders.

(4) If the contract has been concluded on the basis of direct negotiations under the fourth paragraph of Article 329 of this Act, the court shall decide on the consent to the contract:
1. if the sales price is lower than one half of the value of the assets estimated by the liquidation value: on the basis of the consent of the creditors' committee,
2. in other cases: on the basis of the opinion of the creditors' committee.

(5) The first to fourth paragraphs of this Article shall not apply when the estimated value of assets which are the subject of the sales contract, is lower than EUR 10 000.

The court shall give consent to the contract:
1. if the sale has been carried out pursuant to the final resolution on sale,
2. if the content of the sales contract complies with Articles 337 to 343 of this Act, and
3. in the case referred to in point 1 of the fourth paragraph of this Article: if the creditors' committee has given consent to the contract.

**Article 342**

*(transfer of ownership or other property right to purchaser and protection of purchaser)*

(1) The payment of the purchase price shall result in the termination of the following rights of third persons to those assets which are the subject of the sales contract:
1. a lien or a mortgage, and land debt,
2. right to prohibition of alienation and encumbrance, and
3. personal easement, encumbrance or architectural right if they were acquired after the moment from which, pursuant to Article 244 of this Act, bankruptcy proceedings came into effect.

(2) If the subject of the sales contract is an immovable property, the court shall, upon payment of the purchase price upon the proposal of the administrator, issue a resolution on delivery of the immovable property to the purchaser, deciding that the conditions for entry of the ownership to the benefit of the purchaser are satisfied.
(3) A final resolution referred to in the second paragraph of this Article shall be a document which represents the basis for entry of the ownership to the benefit of the purchaser and for other entries under Article 89 in relation to Article 96 of ZZK-1.

(4) The second and third paragraphs of this Article shall apply *mutatis mutandis* also to the transfer of dematerialised securities, issued pursuant to ZNVP, to the benefit of the purchaser.

(5) A participant who has failed to succeed at the public auction or in the procedure of call for tenders, the creditor, the person entitled to exercise the pre-emptive right, or a third person shall not be entitled to exercise, either in bankruptcy or in any other proceedings:
1. a claim for annulment or declaration of invalidity of the sales contract,
2. a claim for concluding a sales contract under the same conditions with such proceedings,
3. a claim for rescission or declaration of invalidity of a legal transaction of disposal, by means of which the ownership or any other property right has been transferred to the purchaser, or
4. any other claim the enforcement of which shall affect the rights acquired by the purchaser when concluding or performing the sales contract.

**Article 343**

(entry of purchaser in the legal position of a debtor in bankruptcy in the sale of assets which form a business whole)

(1) The rules laid down in this Article shall apply when assets are the subject of the sales contract which represent a business whole. A business whole shall be considered items and other property rights which are, as a whole, necessary for carrying out a certain type of operation or more types of operation which are carried out with a view to manufacture a certain types of product, or the execution of certain type of service (hereinafter referred to as: carrying out an undertaking).

(2) When the purchase price is paid, the following shall be transferred to the purchaser as a legal successor of the debtor in bankruptcy at undertaking, the carrying out of which requires the assets which are the subject of the sales contract:
1. besides ownership or other property rights to the assets which are the subject of the sales contract, also all rights associated with the legal position of the debtor in bankruptcy in carrying out the undertaking, such as:
   – concessions for executing services, or the use or exploitation of public good, unless it is provided for by the law in respect of an individual type of concession that such concession terminates upon the initiation of bankruptcy proceedings against the concessionaire,
– any licences for the application of intellectual property rights,
– any rights on the basis of certifications and operating permits,
– any rights on the basis of consents and authorisation of competent bodies necessary to pursue the activity included in the undertaking, or other consents or authorisations associated with the carrying out of the undertaking, unless it is provided for by the law in respect of an individual type of consent or authorisation that the consent or authorisation terminates upon the initiation of bankruptcy proceedings against the holder of the consent or authorisation,
– a right to rent or lease assets used in carrying out the undertaking,
– a right to use the name included in the business name of the debtor in bankruptcy,

2. all obligations and public burdens associated with carrying out the undertaking, other than the rights of third persons that terminate under the first paragraph of Article 342 of this Act.

(3) On entering into the legal situations referred to in the second paragraph of this Article, the purchaser shall be considered the universal legal successor of the debtor in bankruptcy.

(4) When the purchase price is paid the court shall, upon the proposal of the administrator, issue a resolution containing:
1. a determination that the purchaser enters into legal situations referred to in the second paragraph of this Article as the universal legal successor of the debtor in bankruptcy, and
2. if the assets consist of immovable property: also the decision referred to in the second paragraph of Article 342 of this Act.

**Article 344**

*(appeal against resolutions in relation to the sale of the debtor’s assets)*

(1) Only creditors may appeal against a resolution on sale referred to in Article 331 of this Act, the resolution on consent to the sales contract referred to in Article 341 of this Act, the resolution on delivery of an immovable property to the purchaser referred to in the second paragraph of Article 342 of this Act, and the resolution referred to in the fourth paragraph of Article 343 of this Act.

(2) An appeal against the resolution referred to in the first paragraph of this Article shall restrain its implementation.

**Article 345**

*(special rules on the sale of assets which are the subject of the right to separate settlement)*
(1) The rules laid down in this Article shall apply when the creditor with the right to separate settlement has timely declared the right to separate settlement and such right to separate settlement has been:

1. either recognised
2. either negated and until sale:
   – if, in a civil action, the creditor with the right to separate settlement has to exercise the right to separate settlement: his claim referred to in the first paragraph of Article 305 of this Act has not been finally refused and the right to separate settlement has also not expired under the fourth paragraph of Article 305 of this Act or the third paragraph of Article 306 of this Act, or
   – if the non-existence of the right to separate settlement has to be enforced by the person who has negated such right: the claim referred to in the second paragraph of Article 307 or the second paragraph of Article 308 of this Act is not finally satisfied.

(2) If the purchase price after payment of the costs associated with the sale of assets which are the subject of the right to separate settlement referred to in the first paragraph of this Article is insufficient to cover the whole claim secured by such right to separate settlement, the court shall:

1. for the resolution on sale, in addition to the opinion of the creditors’ committee under the first paragraph of Article 331 of this Act or the consent under the third paragraph of Article 332 of this Act, acquire also the opinion or consent of the creditor with the right to separate settlement,
2. for the resolution on consent to the conclusion of the sales contract referred to in the fourth paragraph of Article 341 of this Act, in addition to the opinion or consent of the creditors’ committee, acquire also the opinion or consent of the creditor with the right to separate settlement.

(3) The opinion or consent of the creditor with the right to separate settlement referred to in the second paragraph of this Article shall, mutatis mutandis, be subject to the first to third paragraphs of Article 88 of this Act.

(4) If the creditor with the right to separate settlement does not inform the court of his opinion within eight days following the receipt of the request for an opinion, the procedural preposition for deciding by the court in relation to the opinion of the creditor with the right to separate settlement referred to in the third paragraph of this Article shall be considered as fulfilled.

(5) If the creditor with the right to separate settlement does not inform the court within eight days following the receipt of the request for a consent that he refuse such consent, the procedural preposition for deciding by the court in relation to the consent of the creditor with the right to separate settlement referred to in the third paragraph of this Article shall be considered as fulfilled.
(6) The court shall warn the creditor with the right to separate settlement on the legal consequence referred to in the fourth or fifth paragraph of this Article in the request for an opinion or consent.

(7) If the assets are the subject of more rights to separate settlement as referred to in the first paragraph of this Article, the second to sixth paragraphs of this Article shall apply to the opinion or consent:
1. of a creditor with the right to separate settlement, the right to separate settlement of whom has been first acquired, and
2. a creditor with the right to separate settlement, the right to separate settlement of whom has second or later priority order, if the total amount of claims secured by the rights to separate settlement of the previous priority order is lower than the value of assets which are sold, estimated according to the liquidation value.

**Article 346**

*(special rules on the sale of certain assets)*

(1) Special rules laid down in this Article shall apply to the sale of:
1. securities or goods which are marketed in an organised market,
2. perishable goods,
3. non-market stock of material or products, and of used equipment or machinery, if the total value of such stock, equipment or machinery is less than EUR 10 000.

(2) The sale of assets referred to in the first paragraph of this Article shall not be subject to:
1. the second paragraph of Article 327 of this Act, and the value of such assets may be estimated by the administrator, Articles 329, 332 to 338 and 341 of this Act,
2. the sale of assets referred to in point 2 of the first paragraph of this Article, also: the second paragraph of Article 330 of this Act.

(3) The administrator shall sell the assets referred to in point 1 of the first paragraph of this Article in an organised market, where such assets are marketed, at a market price established on such market, and under the rules that apply to sales contracts concluded in such market.

(4) The administrator shall sell the assets referred to in points 2 and 3 of the first paragraph of this Article in the manner that complies with the properties of such assets.

**Article 347**

*(special rules on exercising a pre-emptive right)*
(1) The rules laid down in this Article shall apply to the sale of assets which are the subject of a legally protected pre-emptive right or contractual pre-emptive right, entered in the land register or in any other public register or record, the entry into which represents publication of the acquisition of such right.

(2) If the assets referred to in the first paragraph of this Article are sold at public auction:
1. the administrator shall:
   – inform the person entitled to exercise the pre-emptive right on the auction by means of the publication of the invitation to such auction,
   – warn the person entitled to exercise the pre-emptive right on the conditions for exercising the pre-emptive right, and that the pre-emptive right shall terminate if it is exercised contrary to the provisions referred to in point 4 of this paragraph,
   – if at the next auction step no auctioneer accepts the price, offer to the person entitled to exercise the pre-emptive right to purchase the assets at the price offered by the auctioneer who has accepted the highest price in the regular step of the auction (hereinafter referred to as: last regular step of auction).
2. if the person entitled to exercise the pre-emptive right after the last regular auction step declares the exercise of the pre-emptive right:
   – the auction is continued so that the auctioneer who has succeeded in the last regular auction step has the right to offer a higher price in one or more irregular steps of the auction, and the person entitled to exercise the pre-emptive right has the right to re-exercise the pre-emptive right for a higher price in each such irregular step of the auction, and
   – the auction concludes when either the auctioneer withdraws from the further auction, or the person entitled to exercise the pre-emptive right does not exercise his pre-emptive right for the price offered by the auctioneer in the last irregular auction step.
3. if the person entitled to exercise the pre-emptive right declares after an auction step to exercise the pre-emptive right, and such step is followed by the auctioneer’s withdrawal from the further auction:
   – the conclusion of the sales contract shall, mutatis mutandis, be subject to the sixth to ninth paragraphs of Article 334 of this Act,
   – the person entitled to exercise the pre-emptive right should pay the whole purchase price within fifteen days following the conclusion of the sales contract.
4. the person entitled to exercise the pre-emptive right may exercise the pre-emptive right so as to:
   – pay security for participation at the auction,
   – declare at the auction the exercise of the pre-emptive right, and
   – sign the sales contract and pay the whole purchase price within fifteen days following the conclusion of the sales contract.
(3) If the assets referred to in the first paragraph of this Article are sold on the basis of the call for tenders or direct negotiations:
1. the sales contract with the purchaser is to be concluded also under the condition of deferral, providing that the person entitled to exercise the pre-emptive right shall not exercise the pre-emptive right, and under the resolutory condition which is realised if the person entitled to exercise the pre-emptive right exercises the pre-emptive right,
2. the administrator shall:
   – provide the person entitled to exercise the pre-emptive right with a wording of the contract with mutatis mutandis the same content as that of the contract which he has provided to the bidder who succeeded in the procedure of call for tenders under the fifth paragraph of Article 335 of this Act, or concluded with the purchaser on the basis of direct negotiations,
   – call the person entitled to exercise the pre-emptive right to, within fifteen days following the receipt, return to him a signed copy of the contract and pay the whole purchase price pursuant to the contract, and
   – warn the person entitled to exercise the pre-emptive right on the expiry of the pre-emptive right if not exercised in the manner as provided for in point 3 of this paragraph,
3. the person entitled to exercise the pre-emptive right may exercise the pre-emptive right so as to provide the administrator, within fifteen days following the receipt of the wording of the contract and the call by the administrator referred to in point 2 of this paragraph, with the a signed copy of the contract and pay the whole purchase price pursuant to the contract.

(4) Irrespective of the general rules to apply for exercising the pre-emptive right if the person liable to the pre-emptive right would not be the subject of initiated bankruptcy proceedings, the person entitled to exercise the pre-emptive right may exercise the pre-emptive right against the person liable to the pre-emptive right after the initiation of bankruptcy proceedings only so as to comply with the provisions of the second or third paragraph of this Article.

Subsection 5.8.3: Special rules for the enforcement of claims against personally liable shareholders of the debtor in bankruptcy

Article 348

(application of Subsection 5.8.3)
The rules laid down in Subsection 5.8.3 of this Act shall apply in bankruptcy proceedings against:
1. a partnership and
2. another legal entity the obligations of which fall, under the law or its rules, under the responsibility of its shareholders.

Article 349
(a personally liable shareholder as a party to main bankruptcy proceedings)

(1) A party to main bankruptcy proceedings shall be also the personally liable shareholder.

(2) Also the personally liable shareholder may object to the resolutions referred to in the first paragraph of Article 344 of this Act.

Article 350
(special rules on bankruptcy estates)

(1) The bankruptcy estate of a legal entity referred to in Article 348 of this Act shall include also the assets acquired through the enforcement of the claims against a personally liable shareholder based on his responsibility for the liabilities of such legal entity.

(2) Upon the initiation of bankruptcy proceedings, the right of creditors to enforce the claims referred to in the first paragraph of this Article against personally liable shareholders shall expire.

(3) Upon the initiation of bankruptcy proceedings, the administrator shall acquire the right to, for the account of the bankruptcy estate, enforce the claims referred to in the first paragraph of this Article against personally liable shareholders.

(4) Upon the consent of a creditor who filed, prior to the initiation of bankruptcy proceedings, a complaint for the enforcement of the claim referred to in the second paragraph of this Article, the administrator may, for the account of the bankruptcy estate, enter into a civil procedure conducted on the basis of such complaint, against the personally liable shareholder.

(5) Entry of the administrator into the civil procedure under the fourth paragraph of this Article shall not require consent of the personally liable shareholder as defendant.

Article 351
(special rules on enforcement or securing proceedings against personally liable shareholders)

(1) The rules laid down in this Article shall apply to the enforcement or securing procedures against personally liable shareholders for the enforcement of claims on the basis of their liability for the responsibilities of a legal entity as referred to in Article 348 of this Act.
(2) After the bankruptcy proceeding is initiated, a resolution on the enforcement or securing of claims referred to in the first paragraph of this Article may be issued only upon a proposal by the administrator and to the benefit of the bankruptcy estate.

(3) The enforcement and securing procedures of the claims referred to in the first paragraph of this Article which are started prior to the initiation of bankruptcy proceedings shall be interrupted and may be continued only on a proposal by the administrator and to the benefit of the bankruptcy estate.

(4) The enforcement court shall permit or continue and carry out the execution for the forcible collection of the claim referred to in the first paragraph of this Article to the benefit of the bankruptcy estate also if the debtor in bankruptcy or his bankruptcy estate is in an instrument permitting the enforcement for the collection of such a claim not indicated as creditor.

**Article 352**

*(effect of termination of claims against a debtor in bankruptcy for claims against personally liable shareholders)*

If a claim of a creditor terminates pursuant to the fifth paragraph of Article 296, the fourth paragraph of Article 300, the seventh paragraph of Article 301, the fourth paragraph of Article 305, or the third paragraph of Article 306 of this Act in relation to the debtor in bankruptcy, it terminates at the same time also in relation to a personally liable shareholder.

**Section 5.9: Payments deducted from a bankruptcy estate**

**Subsection 5.9.1: General rule on payments deducted from a bankruptcy estate**

**Article 353**

*(court resolution as condition for payment)*

The administrator shall execute a payment or other fulfilment to the debit of the bankruptcy estate only on the basis of a court resolution in accordance with Section 5.9 of this Act, unless otherwise provided for in the law in respect of a particular case.

**Subsection 5.9.2: Payment of costs of bankruptcy proceedings**

**Article 354**

*(costs of bankruptcy proceedings)*

Costs of bankruptcy proceedings shall represent the liabilities of the debtor in bankruptcy that occur after the initiation of bankruptcy proceedings, other than the liabilities which are provided for by the law to be paid from the distribution estate under the rules governing the payment of creditors' claims.
Article 355
(types of cost of bankruptcy proceedings)

(1) The costs of bankruptcy proceedings shall be regular costs and occasional costs of bankruptcy proceedings.

(2) Regular costs of bankruptcy proceedings shall be the following:
1. costs of administrator,
2. salaries and other compensations to persons who carry out operations for the needs of bankruptcy proceedings, including taxes and contributions which the payer shall charge and pay at the same time as such payments,
3. electricity, water, heating, telephone and other costs related to the use of business premises for the needs of bankruptcy proceedings,
4. insurance premiums for the insurance of the assets that belong to the bankruptcy estate,
5. publication costs under Article 122 of this Act,
6. legal costs of the debtor in bankruptcy in procedures referred to in Section 5.6 of this Act,
7. costs of accountancy, administrative and other services for the needs of bankruptcy proceedings,
8. liabilities regarding taxes and contributions which occur in the course of bankruptcy proceedings, and
9. other costs which occur in monthly or in other regular periods in the course of bankruptcy proceedings.

(3) Occasional costs of bankruptcy proceedings shall be the following:
1. payments of creditors' claims which occur during compulsory settlement proceedings, as referred to in the second paragraph of Article 289 of this Act,
2. fulfilment of obligations based on a mutually unfulfilled bilateral contract under the second paragraph of Article 265 of this Act,
3. payment of difference under the fourth paragraph of Article 268 of this Act,
4. fulfilment of obligations on the basis of legal transactions referred to in Articles 316 and 317 of this Act,
5. investment of financial assets of the debtor in bankruptcy pursuant to Articles 322 and 324 of this Act,
6. costs estimating the value of assets and other acts in relation to carrying out of the sale,
7. value added tax or the tax on trading in immovable property in relation to the sale of assets, and
8. other costs of bankruptcy proceedings, except the regular costs referred to in the second paragraph of this Article.
Article 356
(cost estimate for bankruptcy proceedings)

(1) The court shall determine the estimated costs of bankruptcy proceedings upon the proposal of the administrator referred to in point 3 of the second paragraph of Article 294 of this Act and on the basis of the opinion of the creditors’ committee.

(2) The estimated costs of bankruptcy proceedings shall contain:
   1. with regard to the costs referred to in point 2 of the second paragraph of Article 355 of this Act, the number of persons necessary for carrying out the operations to be done in bankruptcy proceedings, and in respect of each person:
      – a description of the operations to be carried out by such person, and
      – monthly amount of costs for payment of the salary or other compensation for carrying out such operations,
   2. with regard to the costs referred to in points 1, 3, 4, 7 and 8 of the second paragraph of Article 355 of this Act:
      – a description of the type of such costs, and
      – the monthly amount for each type of such costs,
   3. with regard to other costs:
      – a description of the type of such costs, and
      – the total amount for each type of such costs.

(3) If it is established during bankruptcy proceedings that certain types of costs referred to in points 1 or 2 of the second paragraph of this Article are no longer necessary or sufficient to the extent included in the cost estimate, for carrying out the actions to be done in bankruptcy proceedings, the court shall change the estimated costs in relation to such types of costs.

(4) The court shall decide on the change of the estimated costs:
   1. upon the proposal of the administrator and on the basis of the opinion of the creditors’ committee, or
   2. upon the request of the creditors’ committee.

Article 357
(resolution on consent to the payment of the costs of bankruptcy proceedings)

(1) The administrator shall execute a payment or fulfil any other liability which represents the cost of bankruptcy proceedings only upon the consent of the court to such fulfilment.

(2) The first paragraph of this Article shall not apply to:
1. the payment of costs referred to in points 1 and 2 of the second paragraph of Article 356 of this Act in the amount in which these are included in the cost estimate of bankruptcy proceedings,
2. the fulfilment of obligations on the basis of legal transactions pursuant to Articles 316 to 319 of this Act, and
3. the investment of the financial assets of the debtor in bankruptcy pursuant to Articles 322 and 324 of this Act, and payment of related costs.

Subsection 5.9.3: Distribution of the common distribution estate

Article 358

(claims considered at the distribution of common distribution estate)
In distributing those common distribution estate, the unsecured claims shall be considered which have been, in bankruptcy proceedings, declared in due time, except:
1. negated claims which terminated by the drawing up of a distribution plan, under the fourth paragraph of Article 300 or seventh paragraph of Article 301 of this Act,
2. claims related to the resolutory condition which was realised by the drawing up of the distribution plan.

Article 359

(priority order of payment of claims from the common distribution estate)

(1) Claims shall be paid from the common distribution estate in the following priority order:
1. priority claims,
2. ordinary claims,
3. subordinated claims.

(2) As long as the distribution estate is insufficient for the full repayment of claims of the preceding payment priority order which should be considered at distribution, claims of the lower payment priority shall not be paid.

(3) If the distribution estate is insufficient for full the repayment of claims of an individual priority order which should be considered at distribution, all claims of such priority order shall be paid in the portion calculated as a ratio of the available amount of distribution estate to the total amount of all claims of such priority order which should be considered at distribution.

Article 360

(priority and common distribution)
(1) Priority distribution shall be the distribution of the common distribution estate for payment of priority claims.

(2) Common distribution shall be distribution of the common distribution estate for the payment of ordinary and subordinated claims.

**Article 361**

*(first and later distributions)*

(1) First priority distribution shall take place when the common distribution estate is sufficient to cover one half of the amount of priority claims which should be considered at distribution.

(2) The first common distribution shall be carried out:
1. when the common distribution estate is sufficient to cover one half of the amount of ordinary claims which should be considered at distribution, if such situation occurs earlier than six months following the initiation of bankruptcy proceedings,
2. in other cases, when the common distribution estate is sufficient to cover ten per cent of the amount of ordinary claims which should be considered at distribution.

(3) Later distributions shall take place when the common distribution estate is sufficient to cover an additional ten per cent of the amount of priority or ordinary claims which should be considered at distribution.

**Article 362**

*(claims to be paid from the common distribution estate)*

(1) Upon first distribution, the following unsecured claims shall be paid from the common distribution estate, which are recognised in bankruptcy proceedings by the drawing up of a plan of first distribution, in the portion referred to in the third paragraph of Article 359 of this Act:
1. claims which are not related to the condition, and
2. claims related to the condition of deferral which has been realised by the drawing up of the plan of first distribution.

(2) Upon the first distribution, resources shall be reserved in the distribution estate for the payment of the following claims in the portion referred to in the third paragraph of Article 359 of this Act (hereinafter referred to as: reserved common distribution estate):
1. negated claims, and
2. claims related to a condition which has not been realised by the drawing up of the plan of the first distribution.
(3) The payment of a claim shall be executed from the reserved common distribution estate on the basis of a resolution on first distribution, when the following conditions are satisfied:

1. for a negated claim referred to in the first paragraph of Article 300 or first paragraph of Article 301 of this Act: when the court ruling brought to the satisfaction of the claim for establishing existence of the claim becomes final,

2. for a negated claim referred to in the first paragraph of Article 302 of this Act:
   – when the time limit for filing a complaint referred to in the second paragraph of Article 302 of this Act expires, if none of those who have negated the claim has filed the complaint within such time limit, or
   – when the court ruling whereby the claim for establishing the non-existence of the claim is refused, the complaint referred to in the second paragraph of Article 302 of this Act is rejected, or the procedure is interrupted since the complaint has been withdrawn, becomes final,

3. for a negated claim referred to in the first paragraph of Article 314 of this Act:
   – when the time limit for declaring the participation referred to in the third paragraph of Article 314 of this Act expires, if none of those who have negated the claim has declared their participation within such time limit, or
   – when the decision whereby the competent state body has decided on the existence of the claim, becomes final,

4. for a claim related to the condition of deferral: when such condition is realised, if it is realised prior to the drawing up of the plan of final distribution,

5. for a claim related to the resolutory condition: upon final distribution, if such condition has not been realised by the drawing up of the plan of final distribution.

(4) Common distribution estate reserved for payment of an individual claim under the second paragraph of this Article shall be, subject to a later or final distribution, distributed among other creditors, when the following conditions are satisfied:

1. for a negated claim referred to in the first paragraph of Article 300 or first paragraph of Article 301 of this Act: when the court ruling whereby the claim for establishing the existence of the claim is refused, the complaint referred to in the first paragraph of Article 300 or the first paragraph of Article 301 is rejected, or the procedure is interrupted, since the complaint has been withdrawn, becomes final,

2. for a negated claim referred to in the first paragraph of Article 302 of this Act:
   when the court ruling brought to the satisfaction of the claim for establishing the non-existence of the claim, becomes final,

3. for a negated claim referred to in the first paragraph of Article 314 of this Act:
   when the decision whereby the competent state body decided on the non-existence of the claim, becomes final,

4. for a claim related to the condition of deferral: upon final distribution, if such conditions has not been realised by the drawing up of the plan of final distribution,
5. for a claim related to the resolutory condition: when such condition is realised, if it is realised prior to the drawing up of the plan of final distribution.

**Article 363**

**(plan of first distribution)**

(1) Prior to drawing up of a plan of first distribution, the administrator shall update the final list of tested claims in accordance with Article 72 of this Act.

(2) The plan of first distribution shall contain:

1. the amount of the common distribution estate which is the subject of first distribution,
2. the total amount of claims which are considered at first distribution,
3. a proportion referred to in the third paragraph of Article 359 of this Act,
4. for each claim which is considered at first distribution:
   – a serial number of the claim in the final list of tested claims,
   – the amount of the claim which is considered at first distribution,
   – information on whether the claim at first distribution is paid under the first paragraph of Article 362 of this Act, or its payment should be satisfied from the assets reserved under the second paragraph of Article 362 of this Act,
   – the amount of claim which is paid, or the assets for the payment of which are reserved, at first distribution, calculated on the basis of the portion referred to in the third paragraph of Article 359 of this Act.

(3) The administrator shall submit to the court the plan of first distribution and the updated final list of tested claims referred to in the first paragraph of this Article:

1. at the first priority distribution: within eight days following the occurrence of the situation referred to in the first paragraph of Article 361 of this Act,
2. at the first common distribution: within one month following the occurrence of the situation referred to in the second paragraph of Article 361 of this Act.

(4) The court shall publish the plan of first distribution and the updated final list of tested claims within three working days following the receipt.

**364. Article 364**(objection to a plan of first distribution)

(1) Any creditor may oppose against the plan of first distribution.

(2) The creditor shall enter the objection to the plan of first distribution at the first priority distribution within fifteen days, and at the first common distribution within one month following the publication under the fourth paragraph of Article 363 of this Act.

**Article 365**
(resolution on first distribution)

(1) The court shall with the resolution on first distribution:
1. decide on the objections referred to in Article 364 of this Act,
2. decide on the assessment of a proportional part of compensation to the administrator as referred to in point 3 of the fourth paragraph of Article 103 of this Act, and
3. determine a final plan of first distribution.

(2) In the operative part of the resolution on first distribution, the court shall formulate its determination of the final plan of the first distribution so as to indicate the final plan of first distribution, which is an integral part of the operative part of such resolution.

(3) The court shall:
1. for the first priority distribution within eight days, and at the first common distribution within fifteen days following the expiry of the time limit for the objection referred to in the second paragraph of Article 364 of this Act, decide on objections and inform the administrator of the content of its decision, and
2. within three working days following the day when the administrator presents the final plan of first distribution, make public the resolution on first distribution and the final plan of first distribution, which is an integral part of such resolution.

Article 366

(appellate against a resolution on first distribution)

(1) An appeal against a resolution on first distribution shall be applied to challenge only:
1. a decision on the objections referred to in Article 364 of this Act, and
2. the final plan of first distribution in the part in which it is the subject of such objections.

(2) An appeal against the resolution on first distribution shall restrain its implementation.

(3) The final resolution on first distribution shall be the executory title.

Article 367

(final plan of first distribution)

The administrator shall, within three working days following the receipt of the notification referred to in point 1 of the third paragraph of Article 365 of this Act, submit to the court a final plan of first distribution pursuant to the court’s decision on the objections referred to in Article 364 of this Act.
Article 368

(time limits for payment on the basis of the final plan of first distribution)

The administrator shall pay to creditors the amounts referred to in the fourth indent of point 4 of the second paragraph of Article 363 of this Act on the basis of the final plan of first distribution:

1. for claims referred to in the first paragraph of Article 362 of this Act: within fifteen days following the finality of the resolution on first distribution,
2. for claims referred to in the second paragraph of Article 362 of this Act: within fifteen days following fulfilment of the condition referred to in the third paragraph of Article 362 of this Act, but not before the resolution on first distribution becomes final.

Article 369

(later distribution)

(1) Later distribution shall, *mutatis mutandis*, be subject to Articles 362 to 368 of this Act, unless otherwise provided for in the second or third paragraph of this Article.

(2) The time limit for entering an objection to the plan of later distribution referred to in the second paragraph of Article 364 of this Act shall be, in respect of a later priority and common distribution, fifteen days following the publication under the fourth paragraph of Article 363 of this Act.

(3) It shall not be enforced by means of an objection to the plan of later distribution, that a certain claim is to be or not to be considered at the distribution if consideration of such claim has already been decided by a final resolution on first distribution or by a final resolution on later distribution, issued in relation to another plan of later distribution.

Subsection 5.9.4: Distribution of special distribution estate

Article 370

(application of Subsection 5.9.4)

(1) Subsection 5.9.4 shall apply for the distribution of any special distribution estate, unless otherwise provided for in the second or third paragraph of this Article.

(2) Subsection 5.9.4 shall not apply to distribution of a special distribution estate for the payment of the costs of an execution procedure and a secured claim of the creditor which is carried our in an execution procedure, resumed by the enforcement court under the second paragraph of Article 281 of this Act, or initiated by the enforcement court on the basis of a final resolution referred to in point 2 of the first paragraph of Article 304 of this Act.
(3) Subsection 5.9.4 shall not apply for distribution of a special distribution estate which is the subject of the right to separate settlement referred to in the first paragraph of Article 282 of this Act for the payment of the claim of a creditor secured by such right to separate settlement.

(4) The remaining assets after the full amount of claims referred to in the second or third paragraph of this Article is paid shall be transferred into the common distribution estate.

(5) If the special distribution estate referred to in the second or third paragraph of this Article is insufficient to cover the whole claim of the creditor, payment of the unsecured part of such claim shall be subject to Subsection 5.9.3 of this Act.

**Article 371**

*(claims to be paid from a special distribution estate)*

(1) In distributing an individual special distribution estate, a claim shall be considered secured by the right to separate settlement to the assets that belong to such special distribution estate if the claim and the right to separate settlement have been declared in due time in bankruptcy proceedings, except:

1. a claim, secured by the right to separate settlement, which has been negated and terminated before drawing up of the plan of first distribution of the special distribution estate under the fourth paragraph of Article 305 or third paragraph of Article 306 of this Act,
2. a claim related to the resolutory condition which has been realised by the drawing up of the plan of distribution of special distribution estate.

(2) Upon first distribution of the special distribution estate, the claim referred to in the first paragraph of this Article shall by paid from such distribution estate if the claim and the right to separate settlement have been recognised in bankruptcy proceedings on the basis of a final resolution as referred to in point 2 of the first paragraph of Article 304 of this Act, and if the claim:

1. is not related to the condition, or
2. has been related to the resolutory condition which has been realised until the drawing up of the plan of first distribution of special distribution estate.

(3) Upon first distribution, assets for the payment of the claim referred to in the first paragraph of this Article shall be reserved in the special distribution estate:

1. if the right to separate settlement is negated, or
2. if the claim is related to a condition which was not realised before the drawing up of the plan of first distribution of special distribution estate.
(4) Payment of the claim shall be executed from the reserved special distribution estate:
1. for the negated right to separate settlement referred to in the first paragraph of Article 305 or first paragraph of Article 306 of this Act: when the court ruling brought to the satisfaction of the claim for priority payment of the secured claim from the assets which are the subject of the special distribution estate becomes final,
2. for a negated right to separate settlement as referred to in the first paragraph of Article 308 of this Act:
   – in the case referred to in the sixth paragraph of Article 308 of this Act, when the resolution referred to in point 2 of the first paragraph of Article 304 of this Act becomes final,
   – in other cases, when the court ruling on refusing the claim referred to in the second paragraph of Article 308 becomes final,
3. for a claim related to the condition of deferral: when such condition is realised, if it is realised prior to the drawing up of the plan of final distribution,
4. for a claim related to the resolutory condition: upon final distribution, if such conditions has not been realised by the drawing up of the plan of final distribution.

(5) If the assets which belong to an individual special distribution estate are the subject of more rights to separate settlement, claims secured by such rights to separate settlement shall be paid by priority order of acquisition of such rights to separate settlement, so that the claim secured by a right to separate settlement of a later priority order shall be paid from the part of special distribution estate which remains after the total amount of the claim secured by the right to separate settlement of the preceding priority order is paid.

(6) The remaining assets after the full amount of claims referred to in the second or third paragraph of this Article is paid, shall be transferred into the common distribution estate.

(7) If the special distribution estate is insufficient to cover the whole claim of the creditor, payment of the unsecured part of such claim shall be subject to Subsection 5.9.3 of this Act.

(8) The administrator shall submit to the court the plan of first distribution of special distribution estate within eight days following acceptance of the purchase price for the assets which belong to such special distribution estate.

(9) The plan of first distribution of special distribution estate shall contain:
1. information on assets which have been the subject of the special bankruptcy estate and the realisation of which resulted in the special distribution estate.
2. the amount of purchase price reached by the realisation of the special bankruptcy estate referred to in point 1 of this paragraph,
3. the total amount of costs incurred by the realisation of the special bankruptcy estate referred to in point 1 of this paragraph, and amounts of individual types of such costs, broken down by the types of cost referred to in the fourth paragraph of Article 226 of this Act,
4. the amount of special distribution estate which is the subject of the first distribution,
5. the total amount of claims which are considered at the first distribution of the special distribution estate,
6. for each claim which is considered at the first distribution of the special distribution estate:
   – the serial number of the claim in the final list of tested claims,
   – the amount of the claim which is considered at first distribution,
   – payment priority order of the claim,
   – information on whether the claim at first distribution is paid under the second paragraph of this Article, or its payment should be satisfied from the assets reserved under the third paragraph of this Article,
   – the amount of claim which is paid, or the assets for the payment of which are reserved, at first distribution,
   – the amount of claim which is paid from a common distribution estate under the seventh paragraph of this Article,
7. in the case referred to in the sixth paragraph of this Article: the amount which is transferred to the common distribution estate.

(10) First distribution of the special distribution estate shall, mutatis mutandis, be subject to Articles 364 to 367 of this Act.

(1)) The administrator shall pay to creditors the amounts of claim which are paid from the special distribution estate:
1. for claims referred to in the second paragraph of this Article: within eight days following the finality of the resolution on first distribution of the special distribution estate,
2. for claims referred to in the third paragraph of this Article: within eight days following fulfilment of the condition referred to in the fourth paragraph of this Article, but not before the resolution on first distribution of special distribution estate becomes final.

**Article 372**

*(transfer from special into common distribution estate)*

(1) Assets which have been the subject of the right to separate settlement shall be transferred from the special into common distribution estate:
1. if the right to separate settlement terminates under the fourth paragraph of Article 305 or third paragraph of Article 306 of this Act,
2. when the court ruling referred to in point 2 of the third paragraph of Article 281 of this Act becomes final,
3. when the court ruling brought to the satisfaction of the claim referred to in the second paragraph of Article 308 of this Act becomes final,
4. for a claim related to the condition of deferral: upon final distribution, if such condition has not been realised by the drawing up of the plan of final distribution,
5. for a claim related to the resolutory condition: when such condition is realised, if it is realised prior to the drawing up of the plan of final distribution.

(2) The administrator shall inform the court on the legal fact referred to in points 1 to 3 or 5 of the first paragraph of this Article within eight days following the day he becomes aware of, or should become aware of, such fact.

(3) The court shall within three working days following the receipt of the notification from the administrator referred to in the second paragraph of this Article issue a resolution that the assets from the special distribution estate should be transferred into the common distribution estate (hereinafter referred to as: resolution on transfer from special to common distribution estate).

(4) The operative part of the resolution on transfer from special into common distribution estate shall contain data on:
   1. the assets which are transferred,
   2. the right to separate settlement referred to in the first paragraph of this Article, and
   3. the claim which has been secured by such right to separate settlement.

(5) The resolution on transfer from special into common distribution estate shall be served to the creditor who in bankruptcy proceedings has declared the right to separate settlement to which the resolution refers.

(6) An appeal against the resolution on transfer from special into common distribution estate shall restrain its implementation.

(7) In the case referred to in point 4 of the first paragraph of this Article:
   1. the administrator shall take account of this legal fact when drawing up the plan of final distribution, and
   2. the court shall decide on the transfer from special into common distribution estate under the third and fourth paragraphs of this Article with a resolution on final distribution.
(8) Payment of the claim secured by the right to separate settlement referred to in the first paragraph of this Article shall be subject to Subsection 5.9.3 of this Act.

**Subsection 5.9.5: (final distribution)**

**Article 373**

*(final distribution)*

(1) Final distribution shall be a later distribution carried out when all the bankruptcy estate is realised.

(2) If the distribution estate is sufficient to cover all unsecured claims, the part of distribution estate which is not necessary for the payment of unsecured claims shall be distributed with the plan of final distribution to the shareholders of the debtor in bankruptcy in proportion to their shares.

(3) Claims of shareholder for payment of a proportionate part of the remaining distribution estate referred to in the second paragraph of this Article are not required to be declared in bankruptcy proceedings.

(4) If the actual holder of a share does not prove otherwise in an objection to the plan of final distribution, it shall be considered that the holder of the claim referred to in the first paragraph of this Article is:

1. for a public limited company: a person referred to in the second paragraph of Article 284 of this Act,
2. for another legal entity: a person entered in the court register as a shareholder on the day of drawing up of the plan of distribution of the remaining distribution estate.

(5) If the claim cannot be paid due to a creditor’s delay as referred to in the fifth paragraph of Article 297 of this Act, the amount which should be paid to the creditor on the basis of the distribution shall be deposited with the court under the rules provided for in the sixth to tenth paragraphs of this Article.

(6) In the procedure of the court deposit referred to in the fifth paragraph of this Article, the court with a jurisdiction over the subject-matter and territorial jurisdiction which conducts bankruptcy proceedings, shall be the deciding court.

(7) The administrator shall file the proposal for the court deposit referred to in the fifth paragraph of this Article together with the final report referred to in Article 375 of this Act. Such proposal shall contain:

1. identification data on the creditor to the benefit of whom the deposit is to be lodged, and
2. the amount which is the subject of deposit.
(8) The court shall decide on the court deposit referred to in the fifth paragraph of this Article with a resolution on the termination of bankruptcy proceedings. The decision on the court deposit shall contain:
1. the data referred to in points 1 and 2 of the seventh paragraph of this Article in respect of each creditor referred to in the fifth paragraph of this Article,
2. a call to those entitled to deposit, to file a request pursuant to the ninth paragraph of this Article, and
3. legal advice on the legal consequences referred to in the tenth paragraph of this Article.

(9) The court shall pay to the person entitled to deposit the deposited amount upon his request, which:
1. shall contain data on the cash account to which the payment of the claim is to be credited, and
2. shall be attached by any eventual evidence that the person entitled to deposit is a legal successor to the creditor to the benefit of whom the amount has been deposited.

(10) If the person entitled to deposit does not lodge a request as referred to in the ninth paragraph of this Article within three years following the finality of the resolution on termination of bankruptcy proceedings, the court shall issue a resolution providing that the right to take over the deposited amount is statute-barred, and the deposited amount is to be transferred to the Republic of Slovenia.

(11) If also the assets have belonged to a bankruptcy estate which, according to the act regulating cooperative societies, shall not be distributed among the members of such cooperative society (hereinafter referred to as: undistributable capital of cooperative societies), the distribution estate which is not necessary for the payment of unsecured claims (hereinafter referred to as: remaining distribution estate) shall be, irrespective of the second paragraph of this Article, distributed so as:
1. a part of the remaining distribution estate is transferred to the cooperative association of which the cooperative society has been a member,
2. the other part to be distributed among members in proportion to their shareholdings.

(12) The part of the remaining distribution estate which is, under point 1 of the eleventh paragraph of this Article, transferred to the cooperative association, shall be determined so that the remaining distribution estate shall be multiplied by the share represented by the amount of undistributable capital of cooperative societies in the sum of the amounts of undistributable capital of cooperative societies and the amounts of shares of all members, as shown in the balance sheet of the cooperative society according to the balance as at the initiation of bankruptcy proceedings.
(13) The claim of the cooperative association referred to in point 1 of the eleventh paragraph of this Article shall, *mutatis mutandis*, be subject to the third paragraph of this Article.

**Article 374**

*(transfer of assets which cannot be realised)*

(1) If the assets which compose the bankruptcy estate cannot be realised, or the realisation of such would give rise to disproportionate costs, such assets shall be distributed:

1. in the case referred to in the second paragraph of Article 373 of this Act: to shareholders in proportion to their shareholdings,
2. in other cases: to creditors in proportion to their shareholdings as referred to in the third paragraph of Article 359 of this Act, if they agree to take over such assets.

(2) If creditors or shareholders do not agree on taking over the assets referred to in the first paragraph of this Article, such assets shall be transferred to the Republic of Slovenia.

(3) Considering the taking over of the assets referred to in the second paragraph of this Article, the Republic of Slovenia shall not be responsible for any liabilities of a debtor in bankruptcy whatsoever.

(4) The distribution of assets to creditors or shareholders under the first paragraph, or transfer of the assets to the Republic of Slovenia under the second paragraph of this Article shall be decided by the court with a resolution on final distribution.

(5) If upon a final distribution the amount of the remaining financial assets is so small that its distribution would cause disproportionate costs to the creditors, such assets shall be transferred to the Republic of Slovenia. The transfer referred to in the previous sentence shall, *mutatis mutandis*, be subject to the third and fourth paragraphs of this Article.

**Section 5.10: Termination of bankruptcy proceedings**

**Article 375**

*(final report of the administrator)*

(1) The administrator shall, within one month following the final distribution, submit to the court a final report.

(2) The final report shall, in addition to the data contained by the regular report, include also:

1. the total amount of the realised bankruptcy estate,
2. a final portion of the payment of creditors’ claims referred to in the third paragraph of Article 359 of this Act,
3. a proposal of the administrator for the assessment of the last part of remuneration for his work as referred to in point 2 of the second paragraph of Article 104 of this Act, and
4. a statement by the administrator that all acts which should be executed in bankruptcy proceedings pursuant to this Act have been carried out.

(3) The court shall on the basis of the final report of the administrator and the opinion of the creditors’ committee:
1. decide on the assessment of the last part of the remuneration for the administrator referred to in point 2 of the second paragraph of Article 104 of this Act, and
2. issue a resolution on the termination of bankruptcy proceedings.

Article 376
(resolution on the termination of bankruptcy proceedings)
(1) With a resolution on the termination of bankruptcy proceedings the court shall:
1. decide bankruptcy proceedings to be terminated,
2. dismiss the administrator, and
3. in the case referred to in the fifth paragraph of Article 373 of this Act, also make a decision on court deposit pursuant to the eighth paragraph of Article 373 of this Act.

(2) An appeal against the resolution on the termination of bankruptcy proceedings shall restrain its implementation.

377. Article 377
(cancellation of debtor in bankruptcy from the register)
The debtor in bankruptcy shall be cancelled ex officio from the register by virtue of a final resolution on the termination of bankruptcy proceedings.

Article 378
(termination of bankruptcy proceedings without distribution to creditors)
(1) If the value of the bankruptcy estate is insignificant or is insufficient to cover even the costs of bankruptcy proceedings, the court shall, on petition by the administrator and on the basis of the opinion of the creditors’ committee, decide that bankruptcy proceedings should be terminated without executing distribution to creditors (hereinafter referred to as: resolution on termination of bankruptcy proceedings without distribution to creditors).

(2) In the case referred to in the first paragraph of this Article the assets shall be used for covering the costs of bankruptcy proceedings, and any eventual other assets shall
be transferred to the Republic of Slovenia with a resolution on the termination of bankruptcy proceedings without distribution to creditors.

(3) In relation to taking over the assets referred to in the second paragraph of this Article, the Republic of Slovenia shall not be responsible for any liabilities of the debtor in bankruptcy whatsoever.

(4) A resolution on termination of bankruptcy proceedings without distribution to creditors shall, mutatis mutandis, be subject to Articles 376 and 377 of this Act.

(5) The second paragraph of this Article shall not apply to subsequently discovered assets as referred to in Article 380 of this Act.

(6) In the case referred to in the first paragraph of this Article, the testing of claims shall not be carried out.

Article 379

(objection to the resolution on termination of bankruptcy proceedings without distribution to creditors)

(1) An objection may be entered against the resolution on termination of bankruptcy proceedings without distribution to creditors, which shall be decided by the court which has issued the resolution.

(2) The objection shall be entered within fifteen days following the publication of the resolution referred to in the first paragraph of this Article.

(3) If the resolution referred to in the first paragraph of this Article is issued prior the declared claims having been tested pursuant to this Act, an objection may be entered by any creditor who demonstrates the probability of his claim against the debtor in bankruptcy.

(4) Challenging the court decision on the termination of the procedure shall be permitted because:
   1. the value of assets of the debtor in bankruptcy is underestimated, or the costs of bankruptcy proceedings are overestimated,
   2. it is probable that certain assets belong to the bankruptcy estate that have not been considered, or
   3. it is probable that the assets belonging to the bankruptcy estate could be increased by challenging the debtor’s legal actions.
(5) If the objection of the creditor aims at enforcing the reason referred to in point 2 or 3 of the fourth paragraph of this Article, he shall be ordered by the court, before deciding on the objection, to pay within eight days following the receipt of the resolution, an advance for covering the costs of exercising the rights of the debtor in bankruptcy to the assets referred to in point 2, or a challengeable and repayment claim as referred to in point 3 of the fourth paragraph of this Article.

(6) In the creditor does not pay the advance within the time limit referred to in the fifth paragraph of this Article, he shall be considered as having withdrawn the objection.

(7) The creditor shall have the right to repayment of the advance payment under the rules on payment of costs of bankruptcy proceedings, if the rights of the debtor in bankruptcy to the assets referred to in point 2, or the challengeable and repayment claim referred to in point 3 of the fourth paragraph of this Article have been successfully exercised.

Article 380

(assets discovered at a later time)

(1) If assets which belonged to the debtor in bankruptcy are discovered after the court has issued a resolution on termination of bankruptcy proceedings, this shall lead to, on petition by the creditor who has been in bankruptcy proceedings against the debtor entitled to carry out procedural acts and such entitlement has not expired until termination of bankruptcy proceedings, or a shareholder of the debtor in bankruptcy, the initiation of bankruptcy proceedings against such assets (hereinafter referred to as: bankruptcy proceedings against the assets discovered later).

(2) In a bankruptcy proceedings against assets discovered later claims of creditors shall not be declared again, but only claims shall be considered at distribution of the distribution estate attained through realisation of the assets discovered later, which have been recognised in bankruptcy proceedings against the debtor in bankruptcy, unless otherwise provided for in the third paragraph of this Article.

(3) If bankruptcy proceedings against the debtor in bankruptcy have been terminated under Article 378 of this Act, without a declaration and testing of claims of creditors performed in such procedure, such acts shall be carried out in bankruptcy proceedings against any assets discovered later.

Section 5.11: Personal bankruptcy proceedings

Subsection 5.11.1: General rules on personal bankruptcy proceedings

Article 381
(natural person as a debtor in bankruptcy)

(1) Personal bankruptcy proceedings shall be conducted only against the assets of any natural person.

(2) A court in the Republic of Slovenia shall be competent to conduct personal bankruptcy proceedings:
   1. against a natural person having permanent or temporary residence in the Republic of Slovenia,
   2. against a consumer having neither permanent nor temporary residence in the Republic of Slovenia if he receives a salary in the Republic of Slovenia as well as other regular remunerations, or if his assets are in the Republic of Slovenia, and
   3. against a sole proprietor or a private person having neither permanent nor temporary residence in the Republic of Slovenia if his registered office is in the Republic of Slovenia.

Article 382

(the purpose of personal bankruptcy proceedings)

(1) Personal bankruptcy proceedings shall be conducted in order to ensure that all creditors receive, at the same time and in equal portions, payments of their ordinary claims against the debtor in bankruptcy from the assets of the debtor in bankruptcy.

(2) Claims of creditors shall in the part, in which they are not paid from the distribution estate of the debtor in bankruptcy not terminate and may be exercised by the creditors against the debtor in bankruptcy also after the termination of bankruptcy proceedings, unless otherwise provided for by the law.

Article 383

(application of the rules on bankruptcy proceedings against a legal entity)

(1) If not otherwise provided for in Section 5.11 of this Act, personal bankruptcy proceedings shall, mutatis mutandis, be subject of the rules laid down in Sections 5 1 to 5.10 of this Act.

(2) With no regard to the first paragraph of this Article, the following shall not apply to personal bankruptcy proceedings:
   1. the second and third paragraphs of Article 223, the second paragraph of Article 227 and point 2 of Article 231,
   2. Articles 259, 260 and 262,
   3. the fifth paragraph of Article 296, the fifth paragraph of Article 298, the fourth paragraph of Article 300, the seventh paragraph of Article 301, the fourth paragraph
of Article 305, the third paragraph of Article 306, the third paragraph of Article 310, 
the third paragraph of Article 311, 
4. Articles 348 to 352, 
5. the second to fifth paragraphs of Article 374 of this Act, 
6. for personal bankruptcy proceedings of a private person or a consumer also not: 
   – Articles 285 to 289, 
   – Articles 290 and 291, and 
   – Articles 316 to 319 of this Act.

Article 384

(establishing the financial situation of the debtor)

(1) A debtor against whom a petition in personal bankruptcy has been presented shall 
 furnish to the court a report on his financial situation.

(2) The report of the debtor on his financial situation shall contain:
1. an inventory:
   – if the debtor is a consumer: of all his assets,
   – if the debtor is a sole proprietor or a private person: of all his assets, by indicating 
     separately the property which is shown in his business books,
2. data on the debtor’s transaction accounts, including in respect of each transaction 
   account data on its number and the provider of payment services keeping such 
   account,
3. data on the total monthly amount of salary, pension or other regular remunerations, 
   and their payers,
4. a statement by the debtor that all assets in his knowledge are recorded in the report, 
   as well as all transaction accounts,

(3) The debtor shall do the following with the report on his financial situation:
1. if he is the petitioner in personal bankruptcy: attach this to the petition for the 
   initiation of such proceedings,
2. in other cases: attach this to his statement on the reasons for initiation of the 
   proceedings, or present it at the hearing for the initiation of personal bankruptcy 
   proceedings.

(4) A debtor’s signature on the report on his financial situation shall be notarised.

(5) The fourth paragraph of this Article shall not apply if the debtor presents to the 
 court the report on his financial situation at the hearing, or if he recognises his 
 signature on the written report at the hearing.

(6) During personal bankruptcy proceedings, the debtor shall:
1. immediately inform the administrator on any change in data referred to in points 1 to 3 of the second paragraph of this Article, or on any change of the address of his residence where service can be performed, and
2. provide the administrator or the court upon the request with any explanation and documents in relation to his assets and operations carried out during the three years prior to the initiation of personal bankruptcy proceedings.

(7) The obligation of the debtor to provide a report on his financial situation referred to in the first paragraph of this Article and the obligation referred to in the sixth paragraph of this Article shall, mutatis mutandis, be subject to the rules of the act governing civil procedure, the duties of a witness, and on the legal consequences of violation of such duty.

(8) Banks, brokerage companies, the Clearing and Depositary Company, courts, tax authorities and other managers of personal data filing systems shall communicate to the administrator upon request any data included in the personal data filing systems they manage, which are essential to establishing the legal situation and the assets of the debtor in bankruptcy, property of his spouse, or a person with whom he cohabits in a same-sex partnership under the act the regulating registration of same-sex partnerships, as well as operations which could have the character of challengeable legal conduct as referred to in Article 271 of this Act.

(9) The data referred to in the eighth paragraph of this Article shall be in particular:
1. the numbers of cash accounts and balance and transactions on such accounts,
2. the numbers of accounts of securities and other financial instruments, and the balance and transactions on such accounts,
3. cash and other deposit stocks at a bank, brokerage company or other person,
4. data on life and property insurance,
5. ownerships and other real rights to immovable property,
6. data entered in the register of certificates of registration,
7. data entered in the register of vessels and planes, and
8. data on pension and health insurance.

(10) For the mediation of data referred to in the eighth paragraph of this Article the administrator shall not be liable to pay any tax or other compensation whatsoever.

(11) Data referred to in the eighth paragraph of this Article shall be used only:
1. to establish the assets of the debtor in bankruptcy and enforce claims for the delivery of such property, or
2. to establish operations which could have the character of challengeable legal conduct as referred to in Article 271 of this Act, and to enforce challengeable and retaliatory claims under the rules on challenging such acts.
Article 385

(parties to the main personal bankruptcy proceedings)

Parties to the main personal bankruptcy proceedings shall be:
1. a debtor in bankruptcy,
2. a creditor who has, within the time limits provided for by this Act, carried out the actions necessary for the enforcement of a claim in personal bankruptcy proceedings, and
3. a creditor who has missed the time limits for carrying out the acts necessary for exercising a claim in personal bankruptcy proceedings, if such claim is recognised.

Article 386

(limitation of legal capacity of the debtor in bankruptcy)

(1) The initiation of personal bankruptcy proceedings shall involve a limitation of the legal capacity of the debtor in bankruptcy such that:
1. he is not able to conclude contracts and execute other legal operations or acts the subject of which is the disposal of his assets which belong to the bankruptcy estate,
2. he cannot without the consent of the court:
   – raise a loan or credit or give a guarantee,
   – open a new transaction account or any other cash account,
   – renounce inheritance or other property rights.

(2) A legal transaction or other legal action of the debtor in bankruptcy which is contrary to the first paragraph of this Article shall have no legal effect.

(3) The second paragraph of this Article shall not apply to legal transactions and legal actions referred to in point 1 of the first paragraph of this Article if the other party to the contract has not been aware, and could have not been aware, of personal bankruptcy proceedings initiated against the debtor.

(4) It is considered, and evidence to the contrary shall not be admissible, that the other party to the contract has been aware of personal bankruptcy proceedings initiated against the debtor if the contract has been concluded, or other legal transaction has been carried out later than within eight days following the publication of the notice of the initiation of personal bankruptcy proceedings pursuant to the first paragraph of Article 122 of this Act.

Article 387(special rule on the legal consequences of the initiation of personal bankruptcy proceedings against a sole proprietor or private person)

(1) Once the personal bankruptcy proceeding is initiated against a sole proprietor or private person, the debtor in bankruptcy shall lose the status of sole proprietor or
private person, and such status may no longer give rise to liabilities regarding taxes, contributions and other compulsory charges to the sole proprietor or private person.

(2) The court shall inform the agency on the finality of the resolution of the initiation of personal bankruptcy proceedings against a sole proprietor or a private person within three working days following the day when the resolution on the initiation of personal bankruptcy proceedings becomes final.

(3) The agency shall ex officio, on the basis of the notification referred to in the second paragraph of this Article, cancel the sole proprietor or private person from the register.

(4) The cancellation referred to in the third paragraph of this Article shall take effect from the moment of coming into effect of legal consequences of initiation of bankruptcy proceedings under Article 244 of this Act.

Article 388

(fiduciary cash accounts of the manager)

(1) The administrator shall, on the next working day following the initiation of personal bankruptcy proceedings, open a special cash account (hereinafter referred to as: fiduciary cash account of administrator), through which he can:
1. accept only payments based on the realisation of the bankruptcy estate and management of the bankruptcy estate, and
2. execute only payments for the costs of personal bankruptcy proceedings and payment of creditors’ claims.

(2) A monetary claim of the administrator against the provider of payment services who keeps the fiduciary cash account of the administrator, on the basis of the financial assets on such account, shall be considered in relation to the provider of payment services and in relation to the administrator’s creditors, as a joint claim of all creditors of the debtor in bankruptcy against the provider of payment services. Consequently, the administrator’s creditors cannot, in order to collect their claims against the administrator, use any constraint measures even in the event of the bankruptcy of the administrator which would affect such monetary claim (the second paragraph of Article 804 in relation to Article 805 of OZ), and in the event of the bankruptcy or death of the administrator such monetary claim shall be a liability of his bankruptcy estate or legacy.

(3) The first and the second paragraphs of this Article shall apply mutatis mutandis also to fiduciary accounts of dematerialised securities, to the benefit of which dematerialised the securities of the debtor in bankruptcy shall be transferred, which belong to the bankruptcy estate.
Article 389
(special rules on bankruptcy estate)

(1) In addition to the assets referred to in the second paragraph of Article 224 of this Act, also the following shall belong to a bankruptcy estate in personal bankruptcy proceedings:
1. salary and other remunerations acquired by the debtor during personal bankruptcy proceedings, other than the remunerations which are, according to this Act, excluded from the bankruptcy estate, or belong to the bankruptcy estate in a limited amount,
2. assets acquired by the debtor in bankruptcy by inheritance or on any other basis during personal bankruptcy proceedings.

(2) The following shall be excluded from the bankruptcy estate in personal bankruptcy proceedings:
1. items excluded from execution under Article 79 of ZIZ (Zakon o izvršbi in zavarovanju) (Execution of Judgments in Civil Matters and Insurance of Claims Act), and
2. remunerations excluded from execution under Article 101 of ZIZ.

(3) Remunerations based on salary, wage compensation, compensation for loss or reduction of capacity, for temporary unemployment, and payments for the work of convicted persons in penal institutions, shall belong to the bankruptcy estate, except for the amount equal to:
1. if the debtor in bankruptcy maintains other persons: the amount of earnings determined for the debtor and his family members or persons that he has to maintain under the law, according to the rules provided for by the act regulating social welfare, for granting financial social assistance,
2. in other cases: the amount of a minimum wage, decreased by the payment of taxes and compulsory social security contributions.

(4) The limitation of the amount of remunerations which belong to the bankruptcy estate in personal bankruptcy proceedings shall, mutatis mutandis, be subject to the second and third paragraphs of Article 102 of ZIZ.

Article 390
(special rules for priority claims)

(1) Priority claims to be paid from the bankruptcy estate in personal bankruptcy proceedings shall be, in addition to the claims referred to in the first and second paragraphs of Article 21 of this Act, also the claims against the debtor in bankruptcy on the basis of legal maintenance, compensation for damages occurred on account of the loss of enjoyment of life or reduction or loss of capacity, and compensation for lost maintenance due to the death of the person providing such maintenance.
(2) The collection or security of the claim referred to in the first paragraph of this Article shall not be subject to Articles 131, 132, 280 and 281 of this Act.

**Article 391**

*(special rules on the challengeability of the legal actions of debtor)*

(1) In personal bankruptcy proceedings, the period of challengeability referred to in Article 269 of this Act shall be the three years prior to the introduction of personal bankruptcy proceedings in respect of:

1. legal transactions and other legal actions which the debtor in bankruptcy has concluded or carried out to the benefit of a person who has in relation to the debtor in bankruptcy a position of a closely related person, adult children or adoptees, parents or adopters, brothers or sisters, and
2. legal actions referred to in the second paragraph of Article 271 of this Act.

(2) The legal actions referred to in point 1 of the first paragraph of this Article shall be challengeable, irrespective of whether the condition referred to in point 2 of the first paragraph of Article 271 of this Act is satisfied.

**Article 392**

*(special rules on exercising claims against the debtor)*

(1) Testing of claims which have been declared after expiry of the time limit for declaring claims as referred to in the second, third or fourth paragraph of Article 59 of this Act shall, *mutatis mutandis*, be subject to Article 71 of this Act.

(2) Notwithstanding Article 358 of this Act also the claims referred to in the first paragraph of this Article shall be considered at distribution of the common distribution estate, if they are recognised until drawing up of the plan of the first or later distribution.

(3) If a claim referred to in the first paragraph of this Article has not been considered at previous distributions, it shall be considered at a later distribution plan referred to in the second paragraph of this Article, so that it is paid as a priority claim from the bankruptcy estate the distribution of which is the subject of such plan, to the portion equal to the portions of other claims paid on the basis of the previous distribution plans.

**Article 393**

*(collection of regular remunerations of the debtor in bankruptcy)*

(1) If the debtor in bankruptcy receives a salary, pension, wage compensation, remunerations in relation to temporary unemployment, or other regular remunerations
that belong to the bankruptcy estate, the court shall with a resolution on initiation of personal bankruptcy proceedings or with a special resolution (hereinafter referred to as: resolution on collection of regular remunerations):

1. establish that such remunerations, decreased by the amount referred to in the third or fourth paragraph of Article 389 of this Act and for an eventual amount attached by a resolution of execution for collection of the claim referred to in the first paragraph of Article 390 of this Act, belong to the bankruptcy estate,

2. order to the payer that upon receiving the resolution, he should be paying such remunerations decreased by the amounts referred to in point 1 of this paragraph, instead of to the debtor in bankruptcy, to the benefit of the fiduciary account of the administrator.

(2) The collection of regular remunerations referred to in the first paragraph of this Article shall, mutatis mutandis, be subject to the first and second paragraphs, and first sentence of the third paragraph of Article 133 of ZIZ.

(3) If the payer of regular remunerations fails to act in accordance with the resolution on collection of regular remunerations, he shall be ordered by the court to place all amounts he has not deducted and paid under this resolution, to the credit of the fiduciary cash account of the administrator.

(4) The final resolution referred to in the third paragraph of this Article shall be the executory title against the payer of regular remunerations.

(5) The administrator shall supervise, or the payer of regular remunerations shall act in accordance with the resolution on collection, and shall immediately inform the court of any breach thereof.

**Article 394**

*(seizure of financial assets on debtor’s cash accounts)*

(1) If the debtor in bankruptcy has an open cash account, the court shall with a resolution on the initiation of personal bankruptcy proceedings or with a special resolution (hereinafter referred to as: resolution on collection of financial assets):

1. establish that such financial assets on the account, decreased by the amount referred to in the third or fourth paragraph of Article 389 of this Act and for an eventual amount attached by a resolution on execution for collection of the claim referred to in the first paragraph of Article 390 of this Act, belong to the bankruptcy estate,

2. order to the provider of payment services who keep such account to:
   – transfer the financial assets on the account, decreased by the amounts referred to in point 1 of this paragraph, to the benefit of the fiduciary cash account of the administrator, within three working days following the receipt of such resolution, and
– transfer the financial assets resulting from new payments to the credit of such account, decreased by the amounts referred to in point 1 of this paragraph, to the credit of the fiduciary cash account of the administrator, on the next working day following the acceptance of such new payments.

(2) Seizure of the financial assets shall, mutatis mutandis, be subject to the third to fifth paragraphs of Article 393 of this Act, and the third paragraph of Article 147 of ZIZ.

Article 395

(special rules on sale of assets)

(1) The sale of movable property which belongs to the bankruptcy estate, except for works of art and other valuables shall not be, in personal bankruptcy proceedings, subject to the second paragraph of Article 327 of this Act, and the value of such assets may be estimated by the administrator.

(2) If a flat or a family residential house is sold in a personal bankruptcy proceedings, in which the debtor lives as the owner, the court shall order the debtor with a resolution to, within three months following receipt of the resolution, vacate the flat or residential house and deliver this to the administrator.

(3) The final resolution referred to in the second paragraph of this Article shall be the executory title of vacation and delivery of the flat or residential house against the debtor and other persons who use such flat or residential house together with the debtor, or have been enabled by the debtor any other use thereof.

(4) The executive acts referred to in Article 211 of ZIZ shall be, on the basis of the final resolution referred to in the third paragraph of this Article, executed by the administrator instead of the executor.

Article 396

(resolution on the termination of personal bankruptcy proceedings)

(1) With a resolution on the termination of personal bankruptcy proceedings the court shall, besides decisions referred to in the first paragraph of Article 376 of this Act:
1. decide which claims of creditors declared in personal bankruptcy proceedings are recognised, and on the amount of such claims which has not been paid in personal bankruptcy proceedings,
2. order the debtor in bankruptcy to pay the unpaid part of the claims referred to in point 1 of this paragraph.
(2) In the operative part of the resolution on termination of personal bankruptcy proceedings the court shall formulate its decisions referred to in the first paragraph of this Article so as to indicate a list of unpaid recognised claims, which the administrator has to submit to the court together with a final report, and is an integral part of the operative part of such resolution.

(3) The list of unpaid recognised claims referred to in the second paragraph of this Article shall, mutatis mutandis, be subject to point 1 of the third paragraph and point 1 of the fourth paragraph of Article 211 of this Act.

(4) The final resolution on termination of personal bankruptcy proceedings shall be the executory title for collection of unpaid recognised claims.

**Subsection 5.11.2: Remission of liabilities of a debtor in bankruptcy**

**Article 397**

*(application of Subsection 5.11.2)*

(1) Subsection 5.11.2 of this Act shall apply in personal bankruptcy proceedings if the debtor files a petition for remission of liabilities referred to in Article 398 of this Act.

(2) The procedure for remission of liabilities shall be executed within the framework of personal bankruptcy proceedings.

**Article 398**

*(motion for remission of liabilities)*

(1) The debtor in bankruptcy may, prior to issue of the resolution on termination of personal bankruptcy proceedings, present a petition for remission of his liabilities which occur up to the initiation of personal bankruptcy proceedings, in the part, in which they shall not be paid in such proceedings (hereinafter referred to as: motion for remission of liabilities).

(2) The debtor in bankruptcy shall attach to the motion for remission of liabilities a statement that no obstacles exist to the remission of liabilities as referred to in Article 399 of this Act, which shall bear his notarised signature.

**Article 399**

*(obstacles for remission of liabilities)*

Remission of liabilities shall not be permitted:
1. if the debtor in bankruptcy has been lawfully convicted of a criminal offence against assets or a holding which is not yet deleted,
2. if the debtor in bankruptcy has, within the three years prior to introduction of personal bankruptcy proceedings furnished false, incorrect or incomplete data which the tax authority needs for the collection of taxes, whereby he has been additionally or subsequently assessed liable for a tax by the competent tax authority in the amount of minimum EUR 4,000.
3. if the debtor in bankruptcy has already been subject to remission of his obligations, and less than ten years have passed since the resolution on remission of such obligations has become final,
4. if the debtor in bankruptcy has, within the three years prior to introduction of personal bankruptcy proceedings, assumed obligations disproportionate to his financial situation, or if he has disposed of assets free of charge or for an insignificant payment.

Article 400

(initiation of the remission of liabilities proceedings)
(1) If the debtor files a motion for remission of liabilities pursuant to Article 398 of this Act, the court shall require data for the debtor in bankruptcy from the judicial record and the record referred to in Article 413 of this Act.

(2) If the court establishes on the basis of data of the records referred to in the first paragraph of this Article that an obstacle exists to the remission referred to in point 1 or 3 of Article 399 of this Act, it shall refuse such motion for remission of liabilities.

(3) If the court establishes on the basis of data of the records referred to in the first paragraph of this Article that no obstacle exists to the remission referred to in point 1 or 3 of Article 399 of this Act, it shall issue a resolution on initiation of the remission of liabilities proceedings (hereinafter referred to as: resolution on initiation of remission of liabilities proceedings), without assessing if any obstacles exist to the remission of liabilities referred to in point 2 or 4 of Article 399 of this Act. (4) The resolution on the initiation of remission of liabilities proceedings shall be used by the court to determine a trial period by taking into account the age of the debtor in bankruptcy, family circumstances, health and other personal situations, and the reasons for his insolvency.

(5) The trial period shall not be shorter than two years following the introduction of personal bankruptcy proceedings and also not shorter than one year following the filing of the motion for remission of liabilities, and not longer than five years following the introduction of personal bankruptcy proceedings.

(6) Creditors shall be informed on the initiation of the remission of liabilities proceedings by a notice.
(7) The notice on the initiation of the remission of liabilities proceedings shall contain:
1. data on the court conducting the procedure, and the reference number of the case under which the procedure is conducted,
2. identification data on the debtor in bankruptcy,
3. a decision of the court on initiation of the remission of liabilities proceedings and determination of a trial period, and
4. a call to creditors to enter an objection to remission of liabilities within six months following the publication of the notice, if upon their opinion obstacles exist to the remission of liabilities referred to in Article 399 of this Act.

Article 401

(additional obligations of a debtor in bankruptcy during a trial period)
During a trial period, the debtor in bankruptcy shall in addition to obligations laid down in Articles 384 and 386 of this Act, meet also the following obligations:
1. if employed: he shall meet his obligations towards the employer under an employment contract and other service liabilities,
2. if he is not employed and is capable of work:
   – he shall strive to find an employment,
   – he shall not refuse any of the offered regular or periodic employment or other work, unless he is not capable of performing the offered employment or work, and
   – he shall provide the administrator with monthly reports on acts he has executed in order to find an employment.

Article 402

(additional tasks and competencies of an administrator during trial period)
(1) The administrator shall check on the basis of available data whether an obstacle exists to the remission of liabilities referred to in point 2 or 4 of Article 399 of this Act.

(2) The administrator shall carry out supervision of the meeting of obligations of a debtor referred to in Article 401 of this Act.

(3) If the administrator establishes under the first or second paragraph of this Article that a reason exists referred to in Article 403 of this Act, he shall enter an objection to the remission of liabilities.

Article 403

(reasons for objection to remission of liabilities)
(1) Any creditor or administrator may enter an objection that no conditions exist to remission of liabilities (hereinafter referred to as: objection to remission of liabilities):
1. if an obstacle exists to the remission of liabilities referred to in Article 399 of this Act, or
2. if the debtor violates the obligations referred to in Articles 384, 386 or 401 of this Act.

(2) The creditor may enforce by an objection also that the trial period is too short.

Article 404
(time limits for objection to remission of liabilities)
An objection to the remission of liabilities shall be entered:
1. if it is aimed at enforcing the reason referred to in point 1 of the first paragraph or second paragraph of Article 403 of this Act: within six months following the publication of the notice on the initiation of the remission of liabilities proceedings,
2. if it is aimed at enforcing the reason referred to in point 2 of the first paragraph of Article 403 of this Act: until the expiry of the trial period.

Article 405
(objection procedure against remission of liabilities)
(1) If the objection to the remission of liabilities is entered after the expiry of the time limit referred to in Article 404 of this Act, the court shall reject such objection.

(2) If the objection to remission of liabilities is entered in due time, the court shall within three working days following the receipt of the objection:
1. fix a hearing for trying the objection to remission of liabilities for a day which is not earlier than fifteen days following the publication of the notice of the hearing, and not later than one month following the receipt of the objection,
2. serve the objection with attachments, the call to pronounce on the objection, and the summons to the hearing, to:
   – the debtor in bankruptcy and
   – the administrator if he is not the person entering the objection,
3. publish the notice of the hearing and serve the summons to the hearing also to the person who has entered the objection.

(3) At the hearing, to consider the objection to remission of liabilities, the court shall produce evidence on the reason which is enforced by the objection, and decide on the objection based on the result of production of evidence.
(4) The court shall issue the resolution for deciding on the objection to remission of liabilities within fifteen days following the conclusion of the hearing to consider such objection.

406. Article 406

(deciding on an objection to remission of liabilities)

(1) If the court assesses that a reason exists which is enforced by the objection:
   1. if the reason referred to the first paragraph of Article 403 of this Act is enforced: stop the remission of liabilities proceedings and refuse the proposal for remission of liabilities,
   2. if the reason referred to the second paragraph of Article 403 of this Act is enforced: accordingly extend the trial period.

(2) If the court decides that the reason which is enforced by the objection does not exist, it shall refuse the objection.

(3) An appeal is allowed against the resolution on objection to remission of obligation which may be lodged by the debtor in bankruptcy and the person entering the objection which is decided by such resolution.

407. Article 407(resolution on remission of liabilities)

(1) After expiry of the trial period the court shall issue a resolution that the debtor is to be remitted his obligations (hereinafter referred to as: resolution on remission of liabilities):
   1. if an objection to the remission of liabilities has not been entered, or
   2. if the objection to the remission of liabilities has been finally rejected or refused.

(2) The court shall issue and publish the resolution on remission of liabilities within eight days.

(3) The time limit referred to in the second paragraph of this Article shall start:
   1. in the case referred to in point 1 of the first paragraph of this Article: from the expiry of trial period,
   2. in the case referred to in point 2 of the first paragraph of this Article:
      – if the appeal against the resolution on rejection or refusal of the objection to conduct of the procedure has not been lodged and the time limit for the appeal expires after the expiry of the trial period: from the expiry of the time limit for an appeal,
      – if the appeal against the resolution on rejection or refusal of the objection to conduct of the procedure has been lodged, and the court receives the resolution issued by court of second instance to decide upon the appeal after expiry of the trial period: from the day when the court receives such resolution,
– in other cases: from the expiry of the trial period.

408. Article 408

(claims which are affected by the remission of liabilities)

(1) Remission of liabilities shall affect all ordinary and subordinated claims of creditors against the debtor, occurring up to initiation of personal bankruptcy proceedings, irrespective of whether the creditor has declared such claim in personal bankruptcy proceedings, unless otherwise provided for in the second paragraph of this Article.

(2) Remission of liabilities shall affect neither the priority claims referred to in the first paragraph of Article 390 of this Act, nor the priority claims referred to in the first paragraph of Article 21 of this Act.

Article 409

(legal effects of remission of liabilities)

(1) When the resolution on remission of liabilities becomes final, the creditor’s right to enforce in the court a payment of the claim which is under Article 408 of this Act affected by the remission of liabilities expires in the part, in which it has not been paid until the finality of the resolution, unless otherwise provided for in Article 410 of this Act.

(2) If the debtor voluntarily pays the unpaid part of the claim referred to in the first paragraph of this Article, he has no right to request a repayment under the rules concerning unjustified enrichment.

Article 410

(termination of personal bankruptcy proceedings after remission of liabilities)

(1) A final resolution on remission of liabilities shall not be an obstacle to:
1. the realisation of assets of the debtor in bankruptcy which belong to the bankruptcy estate, and distribution to creditors, unless otherwise provided for in the second paragraph of this Article, and
2. the enforcement of claims on the basis of challenging legal actions of the debtor in bankruptcy.

(2) Assets referred to in the first paragraph of Article 389 of this Act which the debtor obtains after the resolution on remission of liabilities becomes final, shall no longer belong to the bankruptcy estate in personal bankruptcy proceedings, in which such resolution has been issued.
(3) The court shall, within three working days, issue a resolution in order to stop any further collection of regular remunerations referred to in Article 393 and seizure of financial assets referred to in Article 394 of this Act, and inform thereof the payer of regular remunerations or provider who keeps the debtor’s cash account.

(4) The time limit referred to in the third paragraph of this Article shall start:
1. if the appeal against the resolution on remission of liabilities has not been lodged: from the expiry of the time limit for appeal,
2. in other cases: from the day when the court receives the resolution issued by court of second instance to decide upon the appeal.

(5) A resolution on termination of personal bankruptcy proceedings in which the resolution on remission of liabilities has been issued shall not be subject to Article 396 of this Act.

Article 411
(challenging remission of liabilities)

(1) Any creditor whose claim is affected by the final resolution on remission of liabilities may ask the court to annul the remission of liabilities on which it has decided by such resolution, if the debtor has reached the issue of such resolution on remission of liabilities by means of concealment or false statements of data on his financial situation, or any other fraud.

(2) The complaint referred to in the first paragraph of this Article may be filed within two years after the resolution on remission of liabilities becomes final.

Article 412
(deciding on annulment of remission of liabilities)

(1) The court which has issued the resolution on remission of liabilities shall be responsible for deciding on the complaint referred to in Article 411 of this Act.

(2) If the court annuls the remission of liabilities, the legal effects referred to in Article 409 and the second paragraph of Article 410 of this Act shall terminate when the resolution on the annulment of remission of liabilities becomes final.

Article 413
(record of resolutions on remission of liabilities)

(1) The ministry responsible for justice shall keep a record of resolutions on remission of liabilities.

(2) The record shall contain in respect of each resolution on remission of liabilities:
1. identification data on the debtor,
2. the reference number, date of issue of the resolution on remission of liabilities, and the court issuing the resolution,
3. date of finality of the resolution on remission of liabilities,
4. data of annulment of remission of liabilities under Article 412 of this Act.

(3) Courts shall inform the ministry responsible for justice, within three working days, on the data referred to in the second paragraph of this Article.

(4) The time limit referred to in the third paragraph of this Article shall start:
1. concerning data referred to in point 2 of the second paragraph of this Article: from the issue of the resolution on remission of liabilities,
2. concerning data referred to in point 3 of the second paragraph of this Article:
   – if the appeal against the resolution on remission of liabilities has not been lodged: from the expiry of the time limit for the appeal,
   – in other cases: from the day when the court receives the resolution issued by court of second instance on the appeal,
3. concerning the data referred to in point 3 of the second paragraph of this Article: from the issue of the resolution on annulment of remission of liabilities.

(4) The minister responsible for justice shall prescribe more detailed rules concerning:
1. keeping the record of resolutions on remission of liabilities, and
2. the content and the method of sending notices referred to in the third paragraph of this Article.

Section 5.12: Legacy bankruptcy proceedings

Article 414

(legacy as a debtor in bankruptcy)

(1) Legacy bankruptcy proceedings shall be conducted against the legacy of any deceased natural person (hereinafter referred to as: descendant).

(2) The court in the Republic of Slovenia shall be competent to conduct legacy bankruptcy proceedings:
1. if the descendant had at the time of death, permanent or temporary residence in the Republic of Slovenia, or
2. if the descendant had at the time of death, neither permanent nor temporary residence in the Republic of Slovenia, if the assets that belong to the legacy, are located in the Republic of Slovenia.

Article 415
(purpose of legacy bankruptcy proceedings)
The legacy bankruptcy proceeding shall be conducted to ensure that all creditors receive, at the same time and in equal portions, payments of their ordinary claims against the descendant from the bankruptcy estate.

Article 416
(application of rules on bankruptcy proceedings against a legal entity and in personal bankruptcy proceedings)

(1) Unless otherwise provided for in Section 5.12 of this Act, legacy bankruptcy proceedings shall, mutatis mutandis, be subject to the rules laid down in Sections 5.1 to 5.10 of this Act.

(2) Notwithstanding the first paragraph of this Article, the following shall not apply to legacy bankruptcy proceedings:
1. Articles 133, 134 and 229,
2. the second and third paragraphs of Article 223, points 1 and 3 of the second paragraph of Article 224, the second paragraph of Article 227, point 2 of Article 231,
3. Articles 259, 260 and 262 to 268,
4. Articles 285 to 289,
5. Articles 290 to 293,
6. the fifth paragraph of Article 296, the fifth paragraph of Article 298, the fourth paragraph of Article 300, the seventh paragraph of Article 301, the fourth paragraph of Article 305, the third paragraph of Article 306, the third paragraph of Article 310, the third paragraph of Article 311,
7. Articles 316 to 319,
8. Articles 348 to 352 and
9. Article 377 of this Act.

(3) Unless otherwise provided for in Section 5.12 of this Act, legacy bankruptcy proceedings shall, mutatis mutandis, be also subject to Articles 388, 390, 391 and 392, and the first paragraph of Article 395 of this Act.

(4) In the mutatis mutandis application of the rules referred to in the first and third paragraphs of this Article, instead of the term „debtor in bankruptcy“, the following shall be used:
1. upon the application of Article 240 of this Act and the rules in relation to procedural acts which he is entitled to carry out in bankruptcy proceedings: the term „heir“,  
2. in other cases: the term „descendant“-
(5) Procedures against heirs in order to enforce a claim on the basis of their liability for the descendant’s debts under Article 142 of ZD shall, mutatis mutandis, be subject to the second to fifth paragraphs of Articles 350 and 351 of this Act.

**Article 417**

*(parties to the main legacy bankruptcy proceedings)*

(1) Parties to the main legacy bankruptcy proceedings shall be:

1. the descendant’s heir or heiress (hereinafter referred to as: heir), unless he renounces the inheritance,
2. a creditor who has, within the time limits provided for by this Act, carried out acts for exercising a claim in legacy bankruptcy proceedings, and
3. a creditor who has missed the time limits for carrying out acts necessary for exercising a claim in legacy bankruptcy proceedings, if such claim is recognised.

(2) If the legacy has been transferred to the Republic of Slovenia under the second paragraph of Article 130 of ZD, the Republic of Slovenia is thus the party to the main legacy bankruptcy proceedings and shall be mutatis mutandis subject to the rules that apply in respect of the heirs of descendant.

**Article 418**

*(special rules on bankruptcy estate)*

(1) A bankruptcy estate in legacy bankruptcy proceedings shall include, in addition to the assets referred to in point 2 of the second paragraph of Article 224 of this Act:

1. claims against heirs on the basis of their liability for descendant’s debts under Article 142 of ZD, and
2. assets which have been separated from the heir’s assets under Article 143 of ZD.

(2) The administrator shall be entitled to, for the account of the bankruptcy estate:

1. exercise claims against heirs referred to in point 1 of the first paragraph of this Article, and
2. enforce from heirs or guardian delivery of assets referred to in point 2 of the first paragraph of this Article.

6. **Section 6: COMPULSORY LIQUIDATION PROCEEDINGS**

**Article 419**

*(application of Chapter 6)*

6. Chapter 6 of this Act shall apply to compulsory liquidation proceedings of a legal entity if law provides that compulsory liquidation proceedings should be conducted by the court (hereinafter referred to as: compulsory liquidation).
Article 420

(deciding on the opening of compulsory liquidation proceedings)

(1) The court shall open compulsory liquidation proceedings:
1. ex officio if so provided for by law, or
2. upon the proposal of a person who according to law is entitled to be a petitioner in compulsory liquidation proceedings.

(2) If law does not provide for someone who may be a petitioner in compulsory liquidation proceedings, a petition for initiation of compulsory liquidation proceedings may be presented by:
1. the court or other state or supervisory body which has, pursuant to law, decided on the dissolution of the legal entity or existence of the reason for the termination thereof, or
2. a person on the request of whom the court or other state or supervisory body has adopted the decision referred to in point 1 of this paragraph.

Article 421

(application of rules for compulsory liquidation)

Unless otherwise provided for in Section 6 of this Act, compulsory liquidation shall, mutatis mutandis, be subject to:
1. the third paragraph of Article 405, Articles 407, 412, 415, the first paragraph of Article 416, Articles 417, 418, 419, 420 and 421 of ZGD-1,
2. the following provisions of this Act:
   – the first paragraph of Article 51, the first paragraph of Article 52 and Article 53,
   – Sections 3.6 and 3.7,
   – Article 229,
   – Section 5.4,
   – Articles 241 to 243,
   – Articles 315 and 316,
   – Section 5.8 of this Act, except the third paragraph of Article 330, the third and fourth paragraphs of Article 342, Article 345, and the rules on the opinion and consent of the creditors' committee,
   – Subsection 5.9.2,
   – Section 5.10, except Articles 378 and 379.

Article 422

(parties to compulsory liquidation proceedings)

(1) Parties to compulsory liquidation proceedings shall be the shareholders of the legal entity which is subject to the procedure.
(2) Creditors shall not be parties to compulsory liquidation proceedings and shall not be entitled to carry out procedural acts in such procedure.

(3) In compulsory liquidation proceedings the creditors’ committee shall not be formed.

Article 423
(special rules if the legal entity is insolvent)

(1) If the legal entity against which compulsory liquidation proceedings have been initiated is insolvent, the administrator shall on its behalf within fifteen days following the day establishing this, or should have been established this if having acted with professional due diligence, propose that the court initiates bankruptcy proceedings.

(2) On a petition by the administrator as referred to in the first paragraph of this Article, the court shall terminate compulsory liquidation proceedings and open bankruptcy proceedings, without assessing whether a legal entity is insolvent.

7. Chapter 7: CANCELLATION FROM THE COURT REGISTER WITHOUT LIQUIDATION

Section 7.1: General provisions

Article 424
(application of Chapter 7)

(1) Unless otherwise provided for in the second paragraph of this Article, Chapter 7 of this Act shall apply to legal entity which is the subject of entry in the court register unless law provides for an individual legal form that cancellation from the court register without liquidation is not possible.

(2) Chapter 7 of this Act shall not apply if insolvency or compulsory liquidation proceedings have been initiated against the legal entity.

Article 425
(competence of court)

Deciding in the procedure of cancellation from the court register without liquidation (hereinafter referred to as: cancellation proceedings) shall fall within the competencies of the court within the area of which the legal entity has its registered office, and which is competent to decide on entries of data of such legal entity in the court register (hereinafter referred to as: register court).
Article 426
(composition of register court)

(1) In cancellation proceedings from the court register, the court clerk shall decide on:
1. issue of a resolution on the initiation of cancellation proceedings on the basis of a notification as referred to in the first paragraph of Article 428 of this Act,
2. issue of a resolution on the existence of a reason for the cancellation if no objection has been entered against the resolution on the initiation of the cancellation proceedings referred to in point 1 of this paragraph, and
3. cancellation of the legal entity from the court register under Article 440 of this Act.

(2) In cancellation proceedings from the court register, a single judge shall decide on:
1. the issue of a resolution on initiation of cancellation proceedings in other cases
2. the issue of a resolution on the existence of a reason for cancellation in other cases and
3. objection to the resolution on initiation of cancellation proceedings.

Section 7.2: Reason for cancellation

Article 427
(reason for cancellation)

(1) A legal entity shall be cancelled from the court register without liquidation:
1. if it has ceased to operate, has no assets and has fulfilled all obligations, or
2. if other reasons exist which law stipulates as a reason for the cancellation of a legal entity from the court register without liquidation.

(2) It shall be considered that a reason exists for cancellation of a legal entity from the court register as referred to in point 1 of the first paragraph of this Article, unless the legal entity proves otherwise:
1. for a company, if it has failed to submit to the agency its annual report for two consecutive years with the purpose of publication under the first or second paragraph of Article 58 of ZGD-1, or data included in the annual report for the purposes referred to in the first paragraph of Article 59 of ZGD-1,
2. for any legal entity if the following address is given in the court register as its business address:
   – at which it does not receive official mail or is unknown,
   – at which an object is located owned by another person who has not granted authorisation to the legal entity for operation at such address, or
   – which does not exist.
(3) If the act governing the operation of a legal entity which is not organised as a company lays down the obligation to submit to the agency annual reports or provide it with data from annual reports for the purposes referred to in the first paragraph of Article 59 of ZGD-1, the cancellation of such legal entity from the court register shall, mutatis mutandis, be subject to the rules of Chapter 7 of this Act, which apply to a company referred to in point 1 of the second paragraph of this Article.

(4) The rules referred to in Chapter 7 of this Act which apply to a company referred to in point 1 of the second paragraph of this Article shall apply mutatis mutandis also to a branch office of a foreign company, if it fails to submit the annual report for two consecutive business years for the purposes of publication under Article 680 of ZGD-1.

Article 428

(obligation of reporting on the presumption of the reason for cancellation)

(1) The agency shall notify the court of registration within two months following the expiry of the time limit for the submission of the annual report referred to in the first or second paragraph of Article 58 of ZGD-1 or data from the annual report for the purposes referred to in the first paragraph of Article 59 of ZGD-1, of the companies in respect of which circumstances exist as referred to in point 1 of the second paragraph of Article 427 of this Act.

(2) If the court, state body or a person with public authorisations in the procedure conducted by such person in accordance with its competencies establishes that circumstances exist as referred to in point 2 of the second paragraph of Article 427 of this Act, it shall notify the register court thereof within one month after having established such circumstances.

Section 7.3: Cancellation proceedings

Article 429

(application of the rules on procedure)

Cancellation proceeding shall be subject to the rules on entry proceeding in the court register provided for in ZSReg, unless otherwise provided for in Section 7.3 of this Act.

Article 430

(publications and services)

(1) Resolutions issued in cancellation proceedings shall be served on the parties to the proceedings and published under the first paragraph of Article 43 of ZSReg.
(2) If service of the resolution referred to in the first paragraph of this Article to a legal entity which is the subject to cancellation proceedings could not be effected at the address indicated in the court register as its business address, the service shall be considered as effected after eight days from the publication of such resolution.

(3) The second paragraph of this Article shall apply *mutatis mutandis* also to the service of a resolution on the person entering an objection to the resolution on the initiation of cancellation proceedings if the service could not be affected at the address indicated in the objection.

**Article 431**

*(deciding on the initiation of cancellation proceedings)*

The court shall decide on the initiation of cancellation proceedings ex officio upon a notification referred to in Article 428 of this Act, or upon a proposal of an entitled petitioner referred to in the first paragraph of Article 433 of this Act.

**432. Article 432**

*(parties to cancellation proceedings)*

Parties to cancellation proceedings shall be:
1. a legal entity which is subject to cancellation proceedings,
2. a petitioner of cancellation proceedings if the court has initiated cancellation proceedings upon a petition,
3. a shareholder or a creditor of the legal entity which is the subject of cancellation proceedings if he enters an objection to the resolution on cancellation, and
4. any other person the interest of whom may be violated by cancellation of the legal entity from the court register, if he gives notice of his participation in the proceedings.

**433. Article 433**

*(entitled petitioner)*

(1) The initiation of cancellation proceedings may be presented by a person who owns the object located at the address entered in the court register as the business address of the legal entity.

(2) N The entitled petitioner shall attach to the petition for cancellation evidence that he owns the object referred to in the first paragraph of this Article.

(3) Neither a shareholder nor a creditor of the legal entity may present a petition for the initiation of cancellation proceedings.

**434. Article 434**
(resolution on the initiation of cancellation proceedings)

(1) The register court shall issue a resolution on the initiation of cancellation proceedings (hereinafter referred to as: resolution on the initiation of cancellation proceedings) if it assumes that a reason for cancellation exists.

(2) A resolution on the initiation of cancellation proceedings shall be served on:
   1. a legal entity, and
   2. a petitioner on whose petition the court has issued the resolution.

(3) The legal entity shall be, at the same time as the resolution on the initiation of cancellation proceedings, served the notification referred to in Article 428 of this Act, or a petition which represented the basis for the register court to issue a resolution on the initiation of cancellation proceedings, as well as the documents attached to such notification or petition.

(4) The initiation of cancellation proceedings shall be entered in the court register.

(5) Entry in the court register of the initiation of cancellation proceedings shall be decided by the court with a resolution on initiation of cancellation proceedings.

435. Article 435

(reasons for an objection to a resolution on the initiation of cancellation proceedings)

(1) A legal entity which is the subject of the initiated cancellation proceedings, its shareholder or creditor may enter an objection that no conditions exist to conduct a cancellation proceedings (hereinafter referred to as: objection to a resolution on the initiation of cancellation proceedings):
   1. if the reason for cancellation does not exist,
   2. if insolvency proceedings or compulsory liquidation proceedings have been initiated against the legal entity, or
   3. if a petition has been presented for the initiation of insolvency proceedings or compulsory liquidation proceedings against the legal entity.

(2) If cancellation proceedings are initiated on the basis of a presumption of the reason for cancellation referred to in point 1 of the second paragraph of Article 427 of this Act, and the company has entered an objection to the resolution on the initiation of cancellation proceedings which is to enforce the reason referred to in point 1 of the first paragraph of this Article, such objection shall be permitted only if the company fulfils the delayed obligations before the expiry of the time limit for objection, to submit the annual report referred to in the first or second paragraph of Article 58 of ZGD-1

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(3) If cancellation proceedings are initiated on the basis of a presumption of the reason for cancellation referred to in point 2 of the second paragraph of Article 427 of this Act, and the company has entered an objection to the resolution on the initiation of cancellation proceedings which is to enforce the reason referred to in point 1 of the first paragraph of this Article, such objection shall be permitted only if:
1. the legal entity enters the proposal for the change of business address in the court register at the same time as the objection, and
2. in addition to the documents which represent the basis for entry of the change of business address in the court register, it also presents evidence that:
   – that it owns the object at the new business address, or
   – if it the owner of the object at the new business address has permitted the legal entity to operate and accept official mail at such address.

(4) If the reason referred to in point 3 of the first paragraph of this Article is enforced with the objection to the resolution on the initiation of cancellation proceedings, such objection shall be permitted only if a petition for the initiation of insolvency proceedings or compulsory liquidation proceedings has been presented before the expiry of the time limit for objections.

(5) Objection to a resolution on the initiation of cancellation proceedings shall contain a description of the facts indicating that the a reason exists which is enforced by the objection, and evidence of such facts.

(6) The person entering the objection shall attach the objection to the resolution on the initiation of cancellation proceedings by any eventual documentary evidence on the facts referred to in the fifth paragraph of this Article.

(7) If the objection to the resolution on the initiation of cancellation proceedings fails to contain the description of the facts and evidence referred to in the fifth paragraph of this Article, or if it is not attached by evidence referred to in the sixth paragraph of this Article, such objection shall not be the subject to the rules on incomplete lodgements but the register court shall decide on the objection on the basis of the facts indicated in the objection, and evidence attached thereto.

436. Article 436
(time limit for objections to a resolution on initiation of cancellation proceedings)

(1) The objection to a resolution on the initiation of cancellation proceedings shall be entered within two months.

(2) The time limit referred to in the first paragraph shall commence:
1. if the objection is entered by a legal entity which is subject to initiated cancellation proceedings: from the service of the resolution on the initiation of cancellation proceedings,
2. in other cases: from the publication of the resolution on the initiation of cancellation proceedings.

437. Article 437

(deciding on objections to the resolution on initiation of cancellation proceedings)

(1) The register court shall reject an objection to the resolution on initiation of cancellation proceedings: 1. if it is entered after the expiry of the time limit referred to in Article 436 of this Act,
2. if it is entered by a person who, under the first paragraph of Article 435 of this Act, is not entitled to enter an objection, or
3. if an objection is not permitted under the second, third or fourth paragraph of Article 435 of this Act.

(2) If the reason referred to in point 3 of the first paragraph of Article 435 of this Act is enforced with a permitted objection to the resolution on the initiation of cancellation proceedings, the register court shall terminate cancellation proceedings until a final decision is adopted on the petition for the initiation of insolvency proceedings or compulsory liquidation proceedings.

438. Article 438

(resolution on the termination of cancellation proceedings)

(1) The register court shall issue a resolution on the termination of cancellation proceedings (hereinafter referred to as: resolution on the termination of cancellation proceedings):
1. on the basis of a permitted objection to the resolution on the initiation of cancellation proceedings which enforces the reason referred to in point 3 of the first paragraph of Article 435 of this Act: if insolvency proceedings have been initiated,
2. in other cases: upon assessment that the objection is substantiated and that the reason for cancellation does not exist.

(2) An appeal may be lodged by the petitioner of the procedure against the resolution on the termination of cancellation proceedings within eight days following the service of the resolution.

(3) Based on the final resolution on termination of cancellation proceedings the register court shall ex officio decide on the cancellation of entry of the initiation of cancellation proceedings from the court register.
(resolution on the existence of reason for cancellation)

(1) The register court shall issue a resolution deciding on the existence of the reason for cancellation (hereinafter referred to as: resolution on the existence of the reason for cancellation):

1. if within the time limit referred to in Article 436 of this Act an objection to the resolution on initiation of cancellation proceedings has not been entered or has been rejected under the first paragraph of Article 437 of this Act,
2. on the basis of a permitted objection to the resolution on initiation of cancellation proceedings which enforces the reason referred to in point 3 of the first paragraph of Article 435 of this Act: if the petition for the initiation of insolvency proceedings is withdrawn or finally rejected or refused,
3. in other cases: if it is assessed that the objection is not substantiated and that the reason for cancellation exists.

(2) An appeal may be lodged by the party to the proceedings against the resolution on the existence of the reason for cancellation within eight days following the service of the resolution.

440. Article 440(cancellation of a legal entity from the court register)

The register court shall ex officio decide on the cancellation of a legal entity from the court register on the basis of a final resolution on the existence of a reason for cancellation.

Section 7.4: Legal consequences of cancellation

441. Article 441

(dissolution of a legal entity)

Cancellation from the court register under Article 440 of this Act results in dissolution of a legal entity.

442. Article 442

(effect of cancellation on the rights of creditors and employees)

(1) Cancellation from the court register shall not affect the rights of the creditor of a cancelled legal entity:

1. to request payment of his liability against such legal entity from personally liable shareholders or other shareholders on the basis of the rules on disregarding a legal entity,
2. to request compensation for damages from the members of the management or supervisory body of the cancelled person.
(2) A claim for damages referred to in point 2 of the first paragraph of this Article shall, _mutatis mutandis_, be subject to Articles 42 and 43, and the first to fourth paragraphs of Article 44 of this Act.

(3) In the _mutatis mutandis_ application under the second paragraph of this Article:
1. in the first paragraph of Article 42 and in the first paragraph of Article 43 of this Act, instead of the term „in bankruptcy proceedings“, the term „for the reason of cancellation of a legal entity from the court register without liquidation“ shall be used,
2. a presumption of a causal link referred to in the second paragraph of Article 42 of this Act applies for the total amount of the claim.

(4) The employment relationships of any eventual employees of the cancelled legal entity shall, upon its dissolution under Article 441 of this Act, terminate on the day of dissolution of the legal entity.

(5) The rights of employees whose employment relationships terminate under the fourth paragraph of this Article shall be equal to those of employees whose labour contracts terminate as a result of the initiation of bankruptcy proceedings against a legal entity, including the rights under the act governing the Guarantee and Maintenance Fund of the Republic of Slovenia.

(6) If the legal entity has upon its dissolution under Article 441 of this Act any outstanding liabilities, the active shareholders of the legal entity shall be jointly and severally liable to creditors for the satisfaction of such liabilities.

(7) An active shareholder under the sixth paragraph of this Article shall be a person:
1. who has upon the dissolution of a cancelled legal entity the position of its shareholder, and
2. who had in the cancelled legal entity prior to its dissolution a possibility to influence its management and operations so as to be able to achieve the timely execution by the cancelled legal entity of appropriate financial restructuring measures for ensuring liquidity and solvency, or to propose within time limits provided for by the law, the initiation of bankruptcy proceedings, on the basis of:
   – the realisation of management rights from its shareholding in the legal entity or other rights in relationship to the legal entity in accordance with law or the rules of the cancelled legal entity, or
   – any other legal or actual relationship with the cancelled legal entity, or with a member of its management or supervisory body.

(8) It is considered, unless a shareholder proves otherwise, that the presumption referred to in point 2 of the seventh paragraph of this Article is satisfied if the
shareholder alone, or jointly with persons closely connected with him, has been in possession of voting rights which constitute at least 25 per cent of all voting rights.

(9) The sixth to eighth paragraphs of this Article shall apply mutatis mutandis also to the claims of employees for the payment of severance pay upon the termination of employment relationships under the fourth paragraph of this Article.

(19) Claims referred to in the first and sixth paragraphs of this Article shall be barred within one year following the publication of the cancellation of the legal entity from the court register.

443. Article 443

(found assets of a cancelled a legal entity)

(1) If assets are found after such circumstance is no longer enforceable in cancellation proceedings, such assets shall be subjected to bankruptcy proceedings (hereinafter referred to as: bankruptcy proceedings against the assets of a cancelled legal entity).

(2) Bankruptcy proceedings against the assets of a cancelled legal entity shall, mutatis mutandis, be subject to the rules of this Act concerning bankruptcy proceedings against a legal entity, unless otherwise provided for in the third or fourth paragraph of this Article.

(3) A petition in bankruptcy against the assets of a cancelled legal entity may be presented by:
1. a creditor who demonstrates the probability of his claim towards the cancelled legal entity,
2. a person who has upon cancellation of the legal entity:
   – executed the function of a member of the management or supervisory body, or
   – held the position of a shareholder.

(4) A petition in bankruptcy against the assets of a cancelled legal entity shall contain a description of the assets referred to in the first paragraph of this Article, and facts and evidence indicating that such assets belonged to the cancelled legal entity.

(5) Upon the court’s assessment that the assets which are the subject of the petition in bankruptcy against the assets of a cancelled legal entity belonged to such cancelled legal entity, the court shall issue a resolution on initiation of bankruptcy proceedings against such assets, without assessing whether the cancelled legal entity was insolvent at the time of cancellation.

(6) If bankruptcy proceedings are initiated against the assets of a cancelled legal entity, the enforcement of claims referred to in point 1 of the first paragraph and the
sixth paragraph of Article 442 of this Act shall, *mutatis mutandis*, be subject to the second to fifth paragraphs of Article 350 and Article 351 of this Act.

(7) If a shareholder of a cancelled legal entity is responsible for its liabilities under point 1 of the first paragraph or sixth paragraph of Article 442 of this Act:

1. by paying such liability, he shall obtain a right to request in bankruptcy proceedings against a cancelled legal entity to be repaid what he has paid (hereinafter referred to as: shareholder’s claim of recourse),
2. he shall declare his claim of recourse in bankruptcy proceedings against the assets of the cancelled legal entity within the time limit referred to in the second paragraph of Article 59 of this Act, as follows:
   – if before the expiry of the time limit he has paid the liability of the cancelled legal entity: as an unconditional claim,
   – in other cases: as a conditional claim,
3. the claim of recourse shall be paid upon distribution of the bankruptcy estate as a subordinated claim of the second priority order from the remaining distribution estate after payment of all priority and ordinary claims, as well as any eventual subordinated claims referred to in the third paragraph of Article 21 of this Act.

**444. Article 444**

*(procedures to exercise the rights of a cancelled legal entity)*

(1) If upon the cancellation of a legal entity from the court register under Article 440 of this Act another procedure is conducted whereby the cancelled legal entity has exercised its claim or another property right, the court or another competent authority conducting such procedure shall inform the court which is competent to conduct bankruptcy proceedings against the cancelled legal entity.

(2) The notification referred to in the first paragraph of this Article shall include:

1. data on the court or another body conducting the procedure, and the reference number of the case,
2. the amount of the claim, or the content and the value of another property right exercised in such procedure.

(3) The court which is competent for bankruptcy proceedings against the cancelled legal entity shall, within eight days following the receipt of the notification referred to in the first paragraph of this Article, publish a process which includes:

1. identification data on the cancelled legal entity,
2. data referred to in the second paragraph of this Article,
3. a call to creditors to, within one month following the publication of the process, present a petition in bankruptcy against the discovered assets of the cancelled legal entity represented by the claim or another property right exercised in the procedure, and
4. a caution on the legal consequences referred to in the fourth paragraph of this Article.

(4) If none of the creditors presents a petition in bankruptcy against the discovered assets of the cancelled legal entity within one month following the publication of the process referred to the third paragraph of this Article, the court which is competent for bankruptcy proceedings against the cancelled legal entity shall inform thereof the court or another competent body which conducts the procedure referred to in the first paragraph of this Article.

(5) The court or another competent body which conducts the procedure referred to in the first paragraph of this Article shall, on the basis of the notification referred to in the fourth paragraph of this Article, reject the complaint or petition of the cancelled legal entity and terminate the procedure.

8. Chapter 8: INTERNATIONAL INSOLVENCY PROCEDURES

Section 8.1: General rules on international insolvency proceedings

445. Article 445

(foreign countries and Member States)

(1) A foreign country shall be any country other than the Republic of Slovenia.

(2) A Member State shall be a Member State of the European Union.

446. Article 446

(domestic and foreign insolvency proceedings)

(1) A domestic insolvency proceeding shall be insolvency proceedings conducted by the court of the Republic in Slovenia under Chapters 3 and 4 or 5 of this Act.

(2) A foreign insolvency proceeding shall be any court or administrative procedure:
1. conducted in a foreign country for the joint account of all creditors of the debtor due to financial restructuring or liquidation of the debtor, and
2. the supervision in which of the realisation of the assets and management of operations of the debtor shall be carried out by a foreign court or an administrator appointed by a foreign court.

(3) Foreign main insolvency proceedings shall be foreign insolvency proceedings conducted by the court of the foreign country in which the debtor has the centre of the realisation of his vital interests.
(4) If the debtor is a legal entity he shall be considered, if it is not proven otherwise, to have the centre of the realisation of his vital interests in the country in which his registered office is situated.

(5) Foreign subsidiary insolvency proceedings shall be foreign insolvency proceedings:
1. which are not main insolvency proceedings, and
2. which are conducted in the foreign country in which the debtor has his establishment.

(6) An establishment shall be any place of business in which the debtor together with his personnel conducts sustained economic operations with goods or services.

(7) A foreign court shall be the court or any other body of the foreign country which has competence in such country to decide on the initiation of insolvency proceedings or make decisions in such proceedings.

(8) A foreign administrator shall be a person or a body entitled in foreign insolvency proceedings:
1. to conduct or supervise:
   – the financial restructuring of the debtor, or
   – realisation of his assets or operations, or
2. act as a representative in foreign insolvency proceedings.

(9) A foreign insolvency decision shall be the decision of a foreign court whereby the court decides on the initiation of insolvency proceedings or appointment of the administrator.

447. Article 447

(persons by state affiliation)

A person of an individual country shall be a natural person who has residence in such country, and a legal entity having its centre of the realisation of his vital interests in such country.

448. Article 448

(country in which assets are located)

A country in which assets are located shall be:
1. for movable things: a country in which such things are located,
2. for rights the subject of which is immovable property, or other rights acquired with entry in the public register: a country in the competence of which is such register,
3. for claims: a country in which the debtor has his centre of the realisation of his vital interests.

449. Article 449

(application of Chapter 8)

(1) Chapter 8 of this Act shall apply unless otherwise provided for by law in respect of a particular case:
1. for legal assistance requested in the Republic of Slovenia by a foreign court or a foreign administrator in relation to foreign insolvency proceedings,
2. for legal assistance requested in a foreign country by a court or an administrator in relation to domestic insolvency proceedings,
3. if the same debtor is at the same time subject to domestic and foreign insolvency proceedings, and
4. if foreign creditors show an interest in presenting a petition for the initiation of domestic insolvency proceedings or take part in such proceedings.

(2) The rules laid down in Chapter 8 of this Act shall not apply to relations otherwise provided in international treaties concluded by the Republic of Slovenia with one or more foreign countries.

(3) None of the rules laid down in Chapter 8 of this Act shall limit the jurisdiction of the domestic court or entitlements of the domestic administrator to provide additional legal assistance to the foreign administrator under the rules provided for in other acts.

450. Article 450

(jurisdiction of domestic courts)

(1) Deciding on the recognition of foreign insolvency proceedings and cooperation with foreign courts shall fall within the competencies of the domestic court which has the power to decide upon the conduct of domestic insolvency proceedings.

(2) Deciding on the recognition of foreign insolvency proceedings and cooperation with foreign courts shall fall within the territorial jurisdiction of the court:
1. if the debtor who is a domestic legal entity or a sole proprietor has a registered office in the Republic of Slovenia: the court within the area of which the registered office of the debtor is located,
2. if the debtor who is a foreign person has a branch office in the Republic of Slovenia: the court within the area of which the registered office of such branch office is located,
3. in other cases, the District Court in Ljubljana.
(3) Matters referred to in the first paragraph of this Article shall be decided by a single judge.

**451. Article 451**

*(entitlement of a domestic administrator to operate in another country)*

A domestic administrator is entitled to represent an insolvent debtor and perform other operations necessary for insolvency proceedings in a foreign country.

**452. Article 452**

*(exceptions for the purpose of safeguarding sovereignty, safety and the public interest of the Republic of Slovenia)*

A domestic court may refuse to recognise foreign insolvency proceedings or a request of a foreign court or administrator for assistance or cooperation if this could have a negative impact on the sovereignty, safety and the public interest of the Republic of Slovenia.

**453. Article 453**

*(interpretation of rules laid down in Chapter 8)*

The interpretation of the rules laid down in Chapter 8 of this Act shall be performed by taking into account their international origin, the need for promoting their uniform application and in respect of good faith.

**Section 8.2: Access of foreign administrators and creditors to domestic courts**

**454. Article 454**

*(entitlement of a foreign administrator to direct access to a domestic court)*

(1) A foreign administrator may, for the account of the assets of a foreign debtor or foreign insolvency proceedings, in domestic insolvency proceedings directly lodge any application and execute other procedural acts in such proceedings.

(2) It shall be only on the account of the legal fact of executing procedural acts under the first paragraph of this Article, that the domestic court does not obtain competence for matters in relation to a foreign administrator or the assets or operations of a foreign insolvent debtor, except for the procedural acts referred to in the first paragraph of this Article.

**455. Article 455**

*(entitlement of a foreign administrator to present a petition in domestic insolvency proceedings)*
A domestic administrator shall be entitled to present a petition in domestic insolvency proceedings if the relevant general conditions are satisfied as provided for in Chapters 3 and 4 or 5 of this Act.

456. Article 456

(cooperation of a foreign administrator in domestic insolvency proceedings)

If a foreign insolvency proceeding is recognised pursuant to Chapter 8.3 of this Act and the same debtor is subject to domestic insolvency proceedings, the foreign administrator shall be entitled to participate as an intervenor in domestic insolvency proceedings and execute procedural acts in such proceedings for the purpose of protecting, realising and distributing the debtor’s assets, and adjusting to foreign insolvency proceedings.

457. Article 457

(situation of foreign administrators in domestic insolvency proceedings)

(1) The position and the rights of foreign creditors in domestic insolvency proceedings, concerning entitlement to present a petition in such proceedings and execute procedural acts in such proceedings, shall be equal to those of domestic creditors.

(2) The first paragraph of this Article shall not exclude application of the rules on the payment priority order of creditors’ claims, but concerning the priority order treatment of foreign creditors, this shall be the same as that of domestic creditors who are in an equal position towards the insolvent debtor.

458. Article 458

(informing known creditors of the initiation of domestic bankruptcy proceedings)

(1) The administrator shall as soon as possible and not later than within one month following the initiation of domestic bankruptcy proceedings provide all known foreign creditors of the debtor in bankruptcy with a notification of the initiation of bankruptcy proceedings.

(2) The notification referred to in the first paragraph of this Article shall contain all the data referred to in the second paragraph of Article 243 of this Act.

(3) A creditor shall be considered as a known foreign creditor referred to in the first paragraph of this Article:
1. against whom the liability of the debtor in bankruptcy may be established on the basis of the business documentation of the debtor in bankruptcy when drawing up
financial statements up to the initiation of bankruptcy proceedings under the first paragraph of Article 291 of this Act, and
2. the address of whom may be established on the basis of documentation referred to in point 1 of this paragraph.

(4) The administrator may communicate the notification referred to in the first paragraph of this Article by ordinary mail or by e-mail.

Section 8.3: Recognition of foreign insolvency proceedings and provisional measures

459. Article 459

(application of rules on procedure)
Recognition of foreign insolvency proceedings shall be subject to the general rules on the recognition and implementation of foreign court rulings provided for by the act governing international private law and procedure, unless otherwise provided for in Section 8.3 of this Act

460. Article 460

(request for the recognition of foreign insolvency proceedings)
(1) A request for the recognition of foreign court insolvency proceedings (hereinafter referred to as: request for recognition) may be filed by a person who has been appointed the administrator in such proceedings.

(2) The request for recognition shall be attached by:
1. a certified copy of decision of the foreign court on the initiation of insolvency proceedings, or
2. a statement by the foreign court certifying that foreign insolvency proceedings have been initiated and a foreign administrator has been appointed.

(3) The foreign administrator shall attach the request for recognition by a statement indicating all the foreign insolvency proceedings conducted against the debtor of which he is aware.

(4) A request for recognition shall be attached also by a certified translation of documents referred to in the second and third paragraphs of this Article into the official language of the court.

461. Article 461

(presumptions at recognition of foreign insolvency proceedings)
When foreign insolvency proceedings are recognised, the following presumptions shall apply, unless it is proved otherwise:
1. that the procedure which is the subject of a request for recognition has the characteristics of foreign court insolvency proceedings as referred to in the second paragraph of Article 446 of this Act, and the foreign administrator has the position of a foreign administrator as referred to in the eighth paragraph of Article 446 of this Act, if so indicated in the document referred to in point 1 or 2 of the second paragraph of Article 460 of this Act,
2. that the documents attached to the request for recognition of the foreign court proceedings are authentic, irrespective of whether they have been certified by apostille, and
3. the presumption referred to in the fourth paragraph of Article 446 of this Act.

462. Article 462
(resolution on recognition of foreign insolvency proceedings)
(1) The court shall issue a resolution on recognition of foreign insolvency proceedings (hereinafter referred to as: resolution on the recognition of foreign insolvency proceedings):
1. if the documents referred to in the second and third paragraphs of Article 460 of this Act are attached to the request for recognition,
2. if the procedure which is the subject of the request for recognition has the characteristics of foreign court insolvency proceedings referred to in the second paragraph of Article 446 of this Act,
3. if a foreign administrator has the position of the foreign administrator referred to in the eighth paragraph of Article 446 of this Act,
4. if the debtor has his centre of the realisation of his vital interests or his establishment in the foreign country in which the procedure is conducted which is the subject of the request for recognition, and
5. if no obstacles exist for the recognition referred to in Article 452 of this Act.

(2) Through the resolution on the recognition of foreign insolvency proceedings the court shall decide also whether foreign insolvency proceedings are to be recognised as main or subsidiary insolvency proceedings.

(3) The court shall recognise foreign insolvency proceedings:
1. as main proceedings: if the debtor has his centre of the realisation of his vital interests in the foreign country in which the procedure is conducted which is the subject of the request for recognition, or
2. as subsidiary proceedings if:
   – the condition referred to in point 1 of this paragraph is not satisfied, and
   – the debtor has his establishment in the foreign country in which the procedure is conducted which is the subject of the request for recognition.
(4) The court shall give priority to deciding on the recognition of foreign insolvency proceedings.

(5) The court may on the basis of an objection of the debtor or another person who has an interest of a legal nature, or the notification referred to in Article 464 of this Act, modify or remove the resolution on the recognition of foreign insolvency proceedings if it estimates that the conditions referred to in the first paragraph of this Article are not satisfied or have terminated.

463. Article 463

(publication of resolutions on the recognition of foreign insolvency proceedings)

(1) The court shall publish a resolution on the recognition of foreign insolvency proceedings under Article 122 of this Act.

(2) The first paragraph of this Article shall apply mutatis mutandis also to a resolution whereby the court modifies or removes the legal consequences of the recognition of foreign insolvency proceedings.

464. Article 464

(notifying the court on new information)

A foreign administrator who files a request for recognition shall immediately inform the court of:
1. any significant change of position in the foreign insolvency proceedings, or the position of the foreign administrator appointed in such proceedings, and
2. any other foreign insolvency proceedings against the same debtor of which he has become aware.

465. Article 465

(temporary arrangement of the consequences of foreign court insolvency proceedings)

(1) After the request for recognition is filed, the court may, upon the proposal of a foreign administrator, issue an interim decision on, pending the decision on the request for recognition, temporary arranging the consequences of foreign court insolvency proceedings in the Republic of Slovenia, if such security is strictly required for the protection of the debtor's assets or interests of creditors.

(2) With the interim decision referred to in the first paragraph of this Article the court may:
1. order the termination of all enforcement proceedings against the debtor and forbid the opening of new enforcement and securing procedures,
2. authorise a foreign administrator or another person, which it appoints, to manage and sell the whole or a part of the assets of an insolvent debtor which is located in the Republic of Slovenia,
3. order any other measure referred to in the third paragraph of Article 240 of this Act.

(3) An interim decision as referred to in the first paragraph of this Article shall be subject to the application of Articles 270 and 271 of ZIZ, unless otherwise provided for in this Article.

(4) The legal consequences provided for by the court with an interim decision as referred to in the first paragraph of this Article in the Republic of Slovenia:
1. come into effect with the publication of the resolution on the interim decision, and
2. terminate with the publication of the court resolution on deciding on the request for recognition.

(5) If the subject of the request for recognition referred to in the first paragraph of this Article are foreign subsidiary insolvency proceedings, the court may refuse a proposal for the issue of an interim decision, if the measures referred to in the second paragraph of this Article would impede conduct of domestic or foreign main insolvency proceedings conducted against the same debtor.

466. Article 466

(the legal consequences of the recognition of foreign main insolvency proceedings which occur without having been decided by the court)

(1) If the court recognises foreign insolvency proceedings as the main proceedings, the publication of the resolution on recognition concerning the insolvent debtor and his assets in the Republic of Slovenia shall involve coming into effect of the following legal consequences of the initiation of foreign insolvency proceedings:
1. enforcement and securing procedures shall not be initiated against the debtor, and procedures already underway shall be terminated, and
2. authorisations of the debtor's representatives and authorised persons for disposing of his assets or carrying out other legal transactions for the debtor shall be transferred to the foreign administrator.

(2) The legal consequences referred to in point 1 of the first paragraph of this Article shall, mutatis mutandis, be subject to the rules provided for in Section 3.8 of this Act, and the legal consequences referred to in point 2 of the first paragraph of this Article to Article 245 of this Act.
(3) The legal consequences referred to in the first paragraph of this Article shall not impede the opening of proceedings which should be initiated in order to maintain claims against the insolvent debtor.

(4) The legal consequences referred to in the first paragraph of this Article shall not impede the presentation of the petition for the initiation of domestic insolvency proceedings against the insolvent debtor, and the legal actions necessary to exercise creditors’ claims in such proceedings.

467. Article 467

(legal consequences of the recognition of foreign insolvency proceedings determined by the court)

(1) If the court recognises foreign insolvency proceedings as main or subsidiary proceedings, the court shall decide on the legal consequences of such recognition in the Republic of Slovenia by issuing a resolution on the recognition of such court proceedings or a special resolution upon the proposal of the foreign administrator.

(2) With the decision referred to in the first paragraph of this Article the court shall:
1. decide also in respect of subsidiary proceedings that legal consequences come into effect as referred to in point 1 or 2 of the first paragraph of Article 466 of this Act,
2. authorise a foreign administrator or another person, which it appoints, to manage and sell the whole or a part of the assets of an insolvent debtor who is located in the Republic of Slovenia, upon having assessed that the interests of domestic creditors are properly secured,
3. determine the obligation to deliver business documentation and provide information to the foreign administrator for the needs of foreign insolvency proceedings under the fourth and fifth paragraphs of Articles 239 and 292 of this Act.

(3) The court shall grant to the proposal for determination of an individual legal consequence of the recognition of foreign subsidiary insolvency proceedings, if the assets referred to in point 2 of the second paragraph of this Article are under this Act permitted to be managed and sold in foreign subsidiary proceedings, or if the information referred to in point 3 of the second paragraph of this Article are essential to the management of foreign insolvency proceedings.

(4) The legal consequences determined by the court under the first to third paragraphs of this Article come into effect in the Republic of Slovenia by the publication of a resolution on the recognition of foreign insolvency proceedings.

(5) The fourth paragraph of this Article shall apply mutatis mutandis also to a resolution whereby the court modifies or removes the legal consequences referred to
in the first paragraph of Article 466 of this Act, or in the first to third paragraphs of this Article.

**468. Article 468**

*(safeguarding the interests of creditors and other persons who are affected by the legal consequences of recognition of foreign insolvency proceedings)*

(1) The court may under Article 465 or 467 of this Act determine only the legal consequences of foreign insolvency proceedings which enable adequate safeguarding of the interests of creditors and other persons, including the debtor, which are affected by such legal consequences.

(2) The court may connect effects of the legal consequence determined under Article 465 or 467 of this Act with conditions which are, in the assessment of the court, necessary to safeguard the interests referred to in the first paragraph of this Article.

(3) The court may, upon the proposal of a foreign administrator or a person who is affected by the legal consequences provided for under Article 465 or 467 of this Act, or ex officio, modify or remove such legal consequences.

**469. Article 469**

*(capacity to bring proceedings of a foreign administrator to challenge legal actions of insolvent debtor)*

(1) By recognising foreign insolvency proceedings, as the main proceedings the foreign administrator shall acquire the capacity ad processum in the Republic of Slovenia to challenge legal actions of insolvent debtor.

(2) Upon recognising foreign insolvency proceedings as subsidiary proceedings, the court may grant to the foreign administrator under the first paragraph of Article 467 of this Act also the capacity ad processum to challenge the legal actions of an insolvent debtor, if the legal action which is being challenged refers to assets which may under this Act be managed and sold in foreign subsidiary insolvency proceedings.

**470. Article 470**

*(the intervention of a foreign administrator in procedures to which an insolvent debtor is the party)*

By recognising foreign insolvency proceedings the foreign administrator shall acquire the capacity ad processum to act as intervenor in any procedure in the Republic of Slovenia the party of which is insolvent debtor.

**Section 8.4: Cooperation with foreign courts and foreign administrators**
471. Article 471
(cooperation of domestic court with foreign courts and foreign administrators)

(1) The domestic court shall in the matters referred to in the first paragraph of Article 449 of this Act cooperate to the fullest extent possible with foreign courts and foreign administrators directly or through a domestic administrator.

(2) In the cooperation referred to in the first paragraph of this Article the domestic court shall be entitled to:
1. exchange information directly with the foreign court or foreign administrator,
2. request information or legal assistance directly from the foreign court or foreign administrator, and
3. provide information or carry out acts of legal assistance based on a direct request from the foreign court or foreign administrator.

472. Article 472
(cooperation of a domestic administrator with foreign courts and foreign administrators)

(1) A domestic administrator shall in the cases referred to in the first paragraph of Article 449 of this Act pursuant to his competencies and under the supervision of domestic court cooperate to the fullest extent possible with foreign courts and foreign administrators.

(2) In the cooperation under the first paragraph of this Article, a domestic administrator shall be entitled, under the supervision of a domestic court, to exchange information directly with the foreign court or foreign administrator.

473. Article 473
(forms of cooperation)

(1) Cooperation under Articles 471 and 472 of this Act may be executed in any form which provides for the realisation of the purpose of cooperation and includes:
1. the appointment of a person or body to act in accordance with the rules of the court, to cooperate with the foreign court or foreign administrator,
2. the provision of information by using any means which the court assesses as appropriate,
3. the coordination of management and supervision of assets and operations of an insolvent debtor,
4. the conclusion and carrying out of agreements which refer to the coordination of insolvency proceedings with foreign courts,
5. the coordination of parallel procedures against the same insolvent debtor.
(2) The Supreme Court may conclude a direct agreement referred to in point 4 of the first paragraph of this Article with the court or another body of a foreign country which is, under law of such country, competent for direct conclusion and the implementation of such agreements.

(3) The agreement referred to in the second paragraph of this Article shall bind all courts competent for adjudication and carrying out other tasks in the matters referred to in the first paragraph of Article 449 of this Act.

Section 8.5: Parallel insolvency proceedings

474. Article 474

(initiation of domestic subsidiary insolvency proceedings)

(1) If the main foreign insolvency proceedings have been recognised, domestic insolvency proceedings against the same debtor may be initiated in the Republic of Slovenia only as subsidiary proceedings.

(2) The legal consequences of domestic subsidiary insolvency proceedings referred to in the first paragraph of this Article shall be limited:
1. to the assets of the insolvent debtor in the Republic of Slovenia, and
2. to the extent necessary for the realisation of cooperation under the rules laid down in Section 8.4 of this Act, to other assets of the insolvent debtor which, under this Act, belong to the bankruptcy estate.

475. Article 475

(coordination of parallel domestic and foreign insolvency proceedings)

(1) The rules laid down in this Article shall apply if domestic and foreign insolvency proceedings are conducted at the same time against the same insolvent debtor.

(2) The domestic court shall make efforts to ensure cooperation with the foreign court and foreign administrator, and for the coordination of parallel procedures under the general rules laid down in Section 8.4 of this Act, taking account of the rules laid down in the third to fifth paragraphs of this Article.

(3) If domestic insolvency proceedings have been initiated before the request for the recognition of foreign insolvency proceedings has been filed:
1. a decision on the legal consequences of foreign insolvency proceedings under Article 465 or 467 of this Act shall comply with the legal consequences of domestic insolvency proceedings, and
2. if foreign insolvency proceedings are recognised as the main proceedings: the rules laid down in Article 466 of this Act shall not apply.
(4) If domestic insolvency proceedings have been initiated after recognition or filing the request for recognition of foreign insolvency proceedings, the court shall:
1. verify its decision on the legal consequences of foreign insolvency proceedings on which is has decided under Article 465 or 467 of this Act, and modify or remove this, if it does not shall comply with legal consequences of domestic insolvency proceedings, and
2. if foreign insolvency proceedings are recognised as main insolvency proceedings:
   decide that the legal consequence referred to in point 1 of the first paragraph of Article 466 of this Act ceases to have effect upon the initiation of domestic insolvency proceedings, if it does not comply with the legal consequences of domestic insolvency proceedings.

(5) If foreign insolvency proceedings are recognised as subsidiary proceedings, deciding under point 1 of the third paragraph and point 1 of the fourth paragraph of this Article shall, mutatis mutandis, be subject to the third paragraph of Article 467 of this Act.

476. Article 476
(coordination of more parallel foreign insolvency proceedings)

(1) The rules laid down in this Article shall apply if more foreign insolvency proceedings are conducted at the same time against the same insolvent debtor.

(2) In the matters referred to in the first paragraph of Article 449 of this Act, the domestic court shall make efforts to ensure cooperation with the foreign court and foreign administrator, and for coordination of parallel procedures under general rules laid down in Section 8.4 of this Act, taking account of the following rules:
1. any decision on the legal consequences of foreign subsidiary insolvency proceedings under Articles 465 and 467 of this Act adopted by the court after the recognition of foreign main insolvency proceedings, shall comply with the legal consequences of foreign main insolvency proceedings,
2. if foreign insolvency proceedings are recognised as main proceedings after the recognition of other foreign insolvency proceedings as subsidiary proceedings: the court shall verify its decision on the legal consequences of foreign insolvency proceedings, on which is has decided under Article 465 or 467 of this Act, and modify or remove this, if it does not comply with the legal consequences of foreign main insolvency proceedings,
3. if foreign insolvency proceedings are recognised as subsidiary proceedings after the recognition of other foreign insolvency proceedings as subsidiary proceedings: the court shall verify its decision on the legal consequences of foreign subsidiary insolvency proceedings, on which is has decided under Article 465 or 467 of this Act, and modify or remove this to the extent necessary for the coordination of both parallel proceedings.
477. Article 477

(presumptions of insolvency at recognition of foreign main insolvency proceedings)

If foreign insolvency proceedings are recognised as the main proceedings, it shall be presumed when deciding on a petition for the initiation of domestic insolvency proceedings that the debtor is insolvent, unless proven otherwise.

478. Article 478

(rule on the payment of a claim in parallel insolvency proceedings)

A creditor who has received a payment for a part of his unsecured claim in foreign insolvency proceedings shall be entitled to the payment of such unsecured claim in domestic insolvency proceedings which are conducted against the same insolvent debtor only to the amount which represents, together with the amount received in foreign insolvency proceedings, the same portion of payment of claims as received in domestic proceedings by creditors of an unsecured claim who are paid in the same priority order.

Section 8.6: Law applicable to the legal consequences of insolvency proceedings

479. Article 479

(general rule)

The legal consequences of insolvency proceedings shall be subject to the law of the country in which such proceedings are conducted, unless otherwise provided for by the law in respect of a particular case.

480. Article 480

(law applicable to contracts the subject of which is immovable property)

For legal consequences of insolvency proceedings for contracts the subject of which is the use or acquisition of immovable property, the law of the country within the area of which such immovable property is situated shall apply.

481. Article 481 (law applicable to rights which are entered in the register)

(1) For the legal consequences of insolvency proceedings for the rights of an insolvent debtor to immovable property, to a ship or aircraft which are the subject of entry in the public register, the law of the country within the competence of which such register is kept shall apply.

(2) The legal consequences of insolvency proceedings and the exercise of the rights of insolvent debtors to securities or other financial shall be the subject of:

1. if these are acquired or transferred by entry into the system of a central depository: the law of the country in which such central depository is kept,
2. if these are acquired or transferred by entry to the credit of the account kept in the second level depository: the law of the country applicable to keeping accounts in such second level depository.

**482. Article 482**

*(law applicable to payment systems and financial markets)*

(1) For the legal consequences of insolvency proceedings for the rights and liabilities of parties or participants in the payment system or financial market, the law of the country applicable to such payment system or financial market shall apply.

(2) The first paragraph of this Article shall not exclude the right to challenge the legal actions of insolvent debtor if such acts are challengeable under the law of the country applicable to such payment system or financial market.

(3) For the legal consequences of insolvency proceedings for the rights and liabilities on the basis of legal transactions concluded in an organised market, the general contract law shall be applied which is applicable to such transactions under the rules of such market, unless otherwise provided for in the second paragraph of Article 481 of this Act.

**483. Article 483**

*(law applicable to multilateral offsets and contracts on re-purchase)*

(1) For the legal consequences of insolvency proceedings for the mutual rights and liabilities of parties in multilateral offset, the general contract law shall be applied which is applicable to such relationships.

(2) For the legal consequences of insolvency proceedings for the mutual rights and liabilities of parties to the a re-purchase contract the general contract law shall be applied which is applicable to such relationships, unless otherwise provided for in the second paragraph of Article 481 of this Act.

**484. Article 484**

*(law applicable to employment contracts)*

For the legal consequences of insolvency proceedings for the mutual rights and liabilities of parties to an employment contract, the law of the country shall be applied which is applicable to such contract.

**Section 8.7: Special rules for insolvency proceedings containing an element of a Member State**

**485. Article 485**
(application of Section 8.7)

(1) Special rules laid down in Section 8.7 of this Act shall apply to insolvency proceedings to which Regulation 1346/2000 applies.

(2) Special rules laid down in Section 8.7 of this Act shall apply also to insolvency proceedings against:

1. banks and loan institutions, unless otherwise provided for by the act governing banking, or by a regulation of another Member State which governs insolvency proceedings against a bank or loan institution, and

2. insurance companies, unless otherwise provided for by the act governing insurance business, or by a regulation of another Member State which governs insolvency proceedings against an insurance company.

486. Article 486

(direct effects of insolvency proceedings in a Member State)

(1) Section 8.3 shall not apply to the recognition of insolvency proceedings of a Member State if the court decision of the Member State on initiation of such proceedings has a direct legal effect in the Republic of Slovenia without any special procedure of recognition under Articles 16 and 17 of Regulation 1346/2000 or under the act governing banking or insurance business.

(2) The legal consequences of insolvency proceedings referred to in the first paragraph of this Article shall have effect in the Republic of Slovenia with the same content as in the Member State in which such proceedings are conducted, and shall come into effect at the moment provided for the coming into effect of such legal consequences by the law of such Member State.

487. Article 487

(domestic subsidiary insolvency proceedings)

The rules laid down in Article 474 of this Act shall apply also if main insolvency proceedings of a Member State have been initiated which have direct legal effect in the Republic of Slovenia, without any special procedure of recognition under Articles 16 and 17 of Regulation 1346/2000.

488. Article 488

(special rules on applicable law)

(1) Notwithstanding Article 479 of this Act, challenging a the debtor’s legal action shall not be subject to the law of the Member State in which insolvency proceedings are conducted, if the person to the benefit of whom such legal action has been executed, proves:

1. that the legal action is subject to the law of another Member State, and
2. that the law of another Member State does not allow the challenging of such legal action.

(2) An assessment of validity and legal effects of contracts and other legal transactions which are concluded or carried out after initiation of insolvency proceedings and which represent the basis for disposal in return of repayment of the assets of insolvent debtor, shall be the subject of:

1. if their subject is an immovable property, a ship or a plain which is the subject of entry in the register: the law of the Member State within the competencies of which such register is kept,
2. if their subject is a security or other financial instrument or rights to such instrument:
   – if these are acquired or transferred by entry into the system of a central depository, the law of the Member State in which such central depository is kept,
   – if these are acquired or transferred by entry to the credit of the account kept in the second level depository, the law of the Member State applicable to keeping accounts in such second level depository.

(3) For the legal effects of insolvency proceedings on another procedure which is conducted with regard to the assets or rights disposed of by an insolvent debtor, the law of the Member State shall exclusively apply in which such proceedings are conducted.

9. Chapter 9: PENALTY PROVISIONS

489. Article 489

(violations by administrators)

A fine from EUR 800 to EUR 4 100 shall be imposed on an administrator for committing the offence of:

1. in insolvency proceedings:
   – within the time limit referred to in the first or second paragraph of Article 61 of this Act, failing to submit to the court the basic list of tested claims, prepared pursuant to Article 61 of this Act,
   – within the time limit referred to in the first paragraph of Article 65 of this Act, failing to submit to the court the supplemented list of tested claims, prepared pursuant to the first and second paragraphs of Article 65 of this Act,
   – within the time limit referred to in the first paragraph of Article 70 of this Act, failing to submit to the court the final list of tested claims, prepared pursuant to Article 70 of this Act,
   – acting in conflict with the third paragraph of Article 98 of this Act,
– within the time limit referred to in the first paragraph of Article 100 of this Act, failing to submit to the court an extraordinary report drawn up pursuant to Article 100 of this Act, or
– providing a false statement that no obstacles exist to his appointment as referred to in the fourth paragraph of Article 115 of this Act,
– within eight days following the receipt of a resolution on dismissal, failing to comply with the second paragraph of Article 120 of this Act,

2. in compulsory settlement proceedings:
– within the time limit referred to in the third paragraph of Article 99 of this Act, failing to submit to the court the regular report, drawn up pursuant to Article 99 of this Act,
– within the time limit referred to in the second paragraph of Article 170 of this Act, failing to submit the opinion on the report of insolvent debtor,
– within the time limit referred to in the first paragraph of Article 197 of this Act, failing to submit to the court and the insolvent debtor the report on subscription and paying up of new shares, prepared pursuant to the second paragraph of Article 197 of this Act,
– within the time limit referred to in the third paragraph of Article 206 of this Act, failing to submit to the court the report on the result of voting on the adoption of compulsory settlement, prepared pursuant to the fourth and fifth paragraphs of Article 206 of this Act,
– within the time limit referred to in the second paragraph of Article 211 of this Act, failing to submit to the court the list of claims established in compulsory settlement proceedings, prepared pursuant to the third and fourth paragraphs of Article 211 of this Act,

3. in bankruptcy proceedings:
– within the time limit referred to in the third paragraph of Article 99 of this Act, failing to submit to the court the regular report, drawn up pursuant to Article 99 and Article 295 of this Act,
– within the time limit referred to in the second paragraph of Article 291 of this Act, failing to establish an opening balance sheet after the initiation of bankruptcy proceedings, pursuant to Article 291 of this Act,
– within the time limit referred to in the first paragraph of Article 294 of this Act, failing to submit to the court the opening report, drawn up pursuant to the second paragraph of Article 294 of this Act,
– concluding contracts or executing other legal transactions or acts contrary to Article 315 of this Act,
– executing a payment or other fulfilment to the debit of the bankruptcy estate contrary to Article 353 of this Act,
– within the time limit referred to in the third paragraph of Article 363 of this Act, failing to submit to the court a plan of the first or later distribution, and an updated final list of tested claims, prepared pursuant to the first and second paragraphs of Article 363 of this Act,
– within the time limit referred to in Article 367 of this Act, failing to submit to the court a final plan of the first or later distribution,
– within the time limit referred to in Article 368 of this Act, failing to pay to the creditors amounts on the basis of the final plan of the first or later distribution,
– within the time limit referred to in the first paragraph of Article 375 of this Act, failing to submit to the court the final report, drawn up pursuant to the second paragraph of Article 375 of this Act,
4. in compulsory settlement proceedings, if within the time limit referred to in the first paragraph of Article 423 of this Act, failing to present a petition in bankruptcy.

490. Article 490

(violations of other persons in compulsory settlement proceedings)

(1) A fine from EUR 12 000 to EUR 125 000 shall be imposed on a legal entity if as an insolvent debtor in compulsory settlement proceedings it commits the offence of:
1. acting in conflict with Article 151 of this Act,
2. within the time limit referred to in the fourth paragraph of Article 168 of this Act, failing to submit to the court and the administrator the regular report, drawn up pursuant to the first to third paragraphs of Article 168 of this Act,
3. within the time limit referred to in the first paragraph of Article 100 of this Act and in relation to Article 169 of this Act, failing to submit to the court the extraordinary report, drawn up pursuant to Article 100 of this Act and in relation to Article 169 of this Act.

(2) A fine from EUR 800 to EUR 4 110 shall be imposed on the responsible person of an insolvent debtor who is a legal entity for committing an offence referred to in the first paragraph of this Article.

(3) A fine from EUR 800 to EUR 4 110 shall be imposed on a sole proprietor who as an insolvent debtor in compulsory settlement proceedings commits an offence as referred to in the first paragraph of this Article.

491. Article 491

(violations of other persons in bankruptcy proceedings)

(1) A fine from EUR 800 to EUR 4 110 shall be imposed on a person who has performed the function of the member of the management of the debtor in bankruptcy at the initiation of bankruptcy proceedings:
1. if acting in conflict with the first or second paragraph of Article 292 of this Act,
2. if failing to provide the administrator with explanations upon request pursuant to the fifth paragraph of Article 292 of this Act.
(2) A fine from EUR 800 to EUR 4 100 shall be imposed on a shareholder of a debtor in bankruptcy who is a legal entity for committing an offence referred to in point 2 of the first paragraph of this Article.

(3) A fine from EUR 300 to EUR 1 200 shall be imposed on a debtor in bankruptcy who is a natural person, a shareholder of the debtor in bankruptcy who is a natural person, or a person who has been upon the initiation of bankruptcy proceedings a member of the supervisory body of the debtor in bankruptcy or employed by the debtor in bankruptcy, for committing an offence referred to in point 2 of the first paragraph of this Article.

492. Article 492
(administrative offence body)
The administrative offence body which decides on offences and imposes fines under this Act shall be the ministry competent for justice.

10. Chapter 10: TRANSITIONAL AND FINAL PROVISIONS
Section 10.1: Transitional provisions for procedures already underway

493. Article 493
(special rule on procedures already underway)
(1) Cancellation proceedings of a company from the court register without liquidation initiated prior to the enforcement of this Act, shall also after the enforcement of this Act be subject to the same regulations as until enforcement, unless otherwise provided for in Chapter 10.1 of this Act.

(2) Compulsory settlement proceedings, bankruptcy proceedings and compulsory liquidation proceedings initiated before 1 October 2008, shall also after 1 October 2008 be subject to the same regulations as until 1 October 2008, unless otherwise provided for in Chapter 10.1 of this Act.

(3) Compulsory settlement proceedings, bankruptcy proceedings and compulsory liquidation proceedings referred to in the second paragraph of this Article shall after 1 October 2008 be subject to Article 53 and Sections 3.6, 3.7 and 3.9 of this Act, and compulsory settlement proceedings and bankruptcy proceedings shall also be subject to Subsections 3.4.1 and 3.4.3, and Section 3.5 of this Act.

494. Article 494
(compulsory settlement proceedings which are already underway)
(1) Compulsory settlement proceedings initiated before 1 October 2008 shall after 1 October 2008 be subject to:
1. if the debtor until 1 October 2008 has not yet filed a complete financial reorganisation plan: Articles 143 to 148,
2. for the modification of a financial reorganisation plan filed before 1 October 2008: Subsection 4.4.3 of this Act,
3. for lodgement and the testing of claims:
   – if until 1 October 2008 the time limit for objections to lodged claims referred to in the first paragraph of Article 44 of the Compulsory Composition, Bankruptcy and Liquidation Act (Official Gazette of the Republic of Slovenia, No. 67/93, 74/94 – Constitutional Court Decision, 8/96 – Constitutional Court Decision, 25/97 – ZJSRS (Zakon o jamstvenem skladu Republike Slovenije) (Public Guarantee and Maintenance Fund of the Republic of Slovenia Act), 39/97, 1/99 – ZNIDC (Zakon o nadomestitvi indeksa droboprodajnih cen z indeksom cen življenjskih potrebščin ) (Replacement of the Retail Price Index by the Cost of Living Index Act), 52/99, 101/01 – Constitutional Court Decision, 42/02 – ZDR (Employment Relationship Act) (Zakon o delovnih razmerjih), 58/03 – ZZK-1 and 10/06 – Constitutional Court Decision; hereinafter referred to as: ZPPSL) has not expired yet: Articles 61 to 71 of this Act,
   – if until 1 October 2008 the time limit referred to in the first indent of this point has already expired, although voting on compulsory settlement has not taken place: Articles 65 to 71 of this Act,
4. if until 1 October 2008 voting on compulsory settlement has not yet taken place: Articles 149, 151 and 152, and Sections 4.4, 4.5 and 4.6 of this Act.

(2) In the case referred to in point 1 of the first paragraph of this Article, the debtor shall file the financial restructuring plan pursuant to this Act before 31 December 2008, and can no longer modify it thereafter.

(3) In the procedure referred to in the first paragraph of this Article:
1. the debtor may after 1 October 2008 modify a financial reorganisation plan filed prior to enforcement of this Act, until 31 December 2008,
2. the debtor shall submit to the court, the administrator and the creditors’ committee the first regular report under the first and second paragraphs of Article 168 of this Act for the period starting as of the balance sheet date referred to in point 1 of the second paragraph of Article 24 of ZPPSL until 30 October 2008.

(4) In the procedure referred to in the first paragraph of this Article the administrator shall:
1. in the case referred to in the first indent of point 3 of the first paragraph of this Article: submit to the court the basic list of tested claims before 30 October 2008,
2. in the case referred to in the second indent of point 3 of the first paragraph of this Article: submit to the court the supplemented list of tested claims before 30 October 2008.
(5) Notwithstanding the first paragraph of Article 173 of this Act, an objection in the procedure referred to in the first paragraph of this Article against the conduct of compulsory settlement proceedings shall be entered:

1. if the debtor, before 1 October 2008, has not yet filed a complete financial reorganisation plan: within three months following the publication of the complete financial restructuring plan under Article 148 of this Act,

2. in other cases: until the expiry of eight days following the publication of the notice for casting votes for compulsory settlement.

495. Article 495

(bankruptcy proceedings which are already underway)

(1) Bankruptcy proceedings initiated before 1 October 2008, shall after 1 October 2008 be subject to:

1. if until 1 October 2008 the first hearing for testing claims, rights to separate settlement and exclusion rights has not yet taken place: Articles 61 to 72, and Section 5.6 of this Act,

2. Articles 45 to 50, 57, 58, 73 to 75, 78, 81 to 96, 97 to 105, 115 to 132 and 295, and Sections 5.7 to 5.10 of this Act.

(2) In bankruptcy proceedings which have been initiated before 1 October 2008, the legal consequences referred to in Articles 283 and 284 of this Act shall come into effect as of 1 October 2008.

496. Article 496

(legal consequences of the cancellation of companies from the court register)

In cancellation proceedings of a company from the court register without liquidation which have been initiated prior to the enforcement of this Act, the legal consequences of the termination of such company as a result of cancellation shall, considering the period of cancellation of the company from the court register without liquidation, be subject to:

1. if it was cancelled before 7 April 2007: provisions of the Financial Operations of Companies Act (Official Gazette of the Republic of Slovenia, No. 54/99, 110/99, 97/00 – Constitutional Court Decision, 50/02 – Constitutional Court Resolution, 93/02 – Constitutional Court Decision, 117/06 – ZDDPO-2 (Corporate Income Tax) (Davek od dohodkov pravnih oseb)),

2. if it has been cancelled from 7 April 2007 until enforcement of this Act: – provisions of the Financial Operations of Companies Act (Official Gazette of the Republic of Slovenia, No. 54/99, 110/99, 97/00 – Constitutional Court Decision, 50/02 – Constitutional Court Resolution, 93/02 – Constitutional Court Decision, 117/06 – ZDDPO-2), except the fourth and fifth paragraphs of Article 27, and – mutatis mutandis the sixth to eighth paragraphs of Article 442 of this Act,
3. if it has been cancelled after enforcement of this Act: Section 7.4 of this Act.

Section 10.2: Other transitional and final provisions

497. Article 497

(administrators)

(1) Authorisations for the execution of the function of administrator in compulsory settlement proceedings, bankruptcy proceedings or liquidation proceedings which pursuant to ZPPSL apply on 30 September 2008 shall, by 1 October 2008, begin to apply as authorisations issued under this Act, unless otherwise provided for in the third paragraph of this Article.

(2) Administrators holding a valid authorisation as referred to in the first paragraph of this Article at the time of coming in force of this Act shall by 1 September 2008:
1. inform the ministry competent for justice:
   – on their identification data referred to in the third paragraph of Article 110 of this Act, and
   – on the selection of the court under the first paragraph of Article 111 of this Act, and
2. submit evidence on meeting the condition referred to in point 5 of the second paragraph of Article 108 of this Act.

(3) If the administrator until 1 September 2008 fails to comply with the second paragraph of this Article, his authorisation for performing the function of administrator shall expire as at 1 October 2008, and the ministry competent for justice shall not include him in the list of administrators. The minister responsible for justice shall issue a declaratory decision on termination of the authorisation under the first sentence of this paragraph.

(4) The courts shall until 1 September 2008 submit data to the ministry responsible for justice, as referred to in point 4 of the second paragraph of Article 110 of this Act, in respect of any insolvency proceedings or compulsory liquidation proceedings, which they conduct.

(5) The ministry responsible for justice shall, until 1 October 2008, publish a list of administrators under the fourth paragraph of Article 110 of this Act.

(6) An administrator who on 1 October 2008 executes the function of administrator in more procedures with an individual court or judge as provided for in the third paragraph of Article 116 of this Act may, after 1 October 2008, continue to execute such function in these procedures; however, he cannot be appointed administrator in a new procedure at the same court or before the same judge, as long as the number of procedures in which he executes such function is adjusted to the limitations.
(7) The administrator whose authorisation for executing the function of administrator expires by 1 October 2008 under the third paragraph of this Article, may after 1 October 2008 continue to execute such function in the procedures for which he has been appointed prior to expiry of the authorisation; however, he cannot be appointed administrator in any new procedure.

(8) The central registers’ management authorities referred to in the second paragraph of Article 113 of this Act shall until 1 August 2008 enable to the ministry responsible for justice connection with the central registers with the aim of establishing and managing the list of administrators.

(9) The commission referred to in the second and third paragraphs of Article 78.a of ZPPSL shall as of 1 October 2008 continue its work as the commission referred to in Article 107 of this Act.

498. Article 498
(issue of regulations)
The Government of the Republic of Slovenia and the ministers responsible for justice and finance shall according to this Act issue regulations before 1 August 2008.

499. Article 499
(repeal of regulations)
(1) As of the day the present Act enters into effect, the following shall be repealed:
2. Financial Operations of Companies Act (Official Gazette of the Republic of Slovenia, No. 54/99, 110/99, 97/00 – Constitutional Court Decision, 50/02 – Constitutional Court Resolution, 93/02 – Constitutional Court Decision, 117/06 – ZDDPO-2, 31/07 – ZFPPod-B (Act Amending the Financial Operations of Companies Act) (Zakon o spremembah Zakona o finančnem poslovanju podjetij), 33/07 – ZSReg-B and 58/07 – Constitutional Court Decision),
3. Article 66 Payment Transactions Act (Official Gazette of the Republic of Slovenia, No. 110/06 – official consolidated text),
4. Article 38 of the Public Funds Act (Official Gazette of the Republic of Slovenia, No. 22/00),
5. Rules on the programme and manner of performing the professional examination for executing the function of administrator in compulsory settlement, bankruptcy and liquidation proceedings (Official Gazette of the Republic of Slovenia, No. 74/99 and 26/01),
6. Order on criteria that apply to the determination of remunerations to administrators, compulsory settlement administrators and liquidation administrators (Official Gazette of the Republic of Slovenia, No. 16/02, 18/02 – amendment and 69/04),

7. Decision on the adjustment of remuneration for services performed by receivers in bankruptcy and administrative receivers (Official Gazette of the Republic of Slovenia, No. 27/03),

8. Decision on the adjustment of remuneration for services performed by receivers in bankruptcy and administrative receivers (Official Gazette of the Republic of Slovenia, No. 56/04),

9. Decision on the adjustment of remuneration for services performed by receivers in bankruptcy and administrative receivers (Official Gazette of the Republic of Slovenia, No. 56/05), and

10. Regulation on Financial Operation of Budget Users (Official Gazette of the Republic of Slovenia, No. 71/99, 78/99, 97/00 – Constitutional Court Decision, and 64/01),

(2) The regulation referred to in points 1 and 3 to 10 of the first paragraph of this Article shall apply as of 1 October 2008, unless otherwise provided for in Section 10.1.

(3) Regulations referred to in points 6 to 9 of the first paragraph of this Article shall apply also after 1 October 2008 for assessment of the remuneration for the administrator in procedures referred to in the second paragraph of Article 493 of this Act.

500. Article 500

(final provision)

This Act shall enter into force fifteen days after its publication in the Official Gazette of the Republic of Slovenia, and shall apply as of 1 October 2008, with the exception of the following provisions, which shall apply as of its enforcement:

– Chapters 1, 2 and 7,

– point 5 of the second paragraph of Article 108, Article 110 and the first paragraph of Article 111 to the extent necessary for the satisfaction of the obligations referred to in the second, fourth and fifth paragraphs of Article 497 of this Act,

– Article 114, the seventh and eighth paragraphs of Article 122, and the fourth paragraph of Article 413 in relation to Article 498, and

– Chapter 10 of this Act.

No. 450-01/07-7/1

Ljubljana, 17 December 2007

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President
of the National Assembly
of the Republic of Slovenia
France Cukjati, MD, m.p.