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REPUBLIC OF ALBANIA

THE ASSEMBLY

DRAFT-LAW

PART ONE

PRINCIPLES OF THE BANKRUPTCY PROCEEDING

CHAPTER I
GENERAL PROVISIONS

Article 1
Scope of Law

This law prescribes binding, uniform and equitable rules to facilitate the resolution and collective satisfaction of the debtor's obligations within a bankruptcy proceeding.

Article 2
Aim of the bankruptcy proceeding

A bankruptcy proceeding is intended to satisfy collectively the debtor's obligations either through the reorganization of the business or through the liquidation of all the debtor's assets and distribution of the proceeds.

Article 3
Definitions

According to this law:

1) "Administrator" refers to temporary, monitoring and bankruptcy administrators.
2) "Bankruptcy administrator" is the administrator appointed by the court in the decision of commencement of bankruptcy proceedings or thereafter that replaces the debtor in the administration and management of the business.
3) "Bankruptcy court" for the purpose of this Law is the sole judge of the commercial section of the first instance court in charge of the bankruptcy proceedings.
4) "Bankruptcy creditor": is a creditor whose claim originated before the commencement of the bankruptcy proceeding.
5) "Bankruptcy estate" is the entirety of the debtor's assets and rights at the date of the commencement of the bankruptcy proceeding as well as the assets and rights acquired during such proceeding, within the territory of the Republic of Albania or abroad, except for assets that are excluded from compulsory enforcement as provided for by the Code of Civil Procedure.
6) "Center of main interest" is the place where the debtor conducts the administration of his interests on a regular basis and is therefore ascertainable by third parties. In the case of an entrepreneur, a company or other legal entity, the place where the debtor is registered or has his domicile shall be presumed to be the center of main interest unless proven otherwise.

7) “Contingent claims” are claims that are subject to a suspensive condition or to other form of contingency that prevents them from enjoying a full status as bankruptcy creditor for as long as the condition or contingency remains.
8) "Creditor of the bankruptcy proceeding" is a creditor whose claim has originated after the commencement of the bankruptcy proceeding, which is satisfied from the bankruptcy estate in the way and with the limitations set forth in Article 35.
9) “Creditor with an exclusion right”: is the owner of an asset in possession of the debtor who, according to Article 36, is legally entitled to separate such asset from the bankruptcy estate due to said ownership right.
10) "Custodian" is the natural person appointed by the bankruptcy court at the request of the debtor when he is a natural person to oversee the fulfillment an obligation, the execution of a contract, enforce on the debtor's assets and other duties assigned from time to time by law or by order of the court.
11) “Days” shall refer to court working days, unless stated otherwise.
12) "Debtor" is the natural or legal person who files himself, or with respect to whom the request to commence the bankruptcy proceeding is filed.
13) "Discharge of outstanding debt" is the extinction, by order of the bankruptcy court, of the debts of a natural debtor, in the terms described in Part VII of this law.
14) "Domicile" is the place registered as such by the natural person in the respective Civil Status Offices, pursuant to Articles 14 to 24 of Law no.10129, dated 11.05.2009 “On the civil status”.
15) “Establishment” means any place of operations where the debtor carries out a non-transitory economic activity with human means and goods or services.
16) “Expert” is a qualified professional with a special know-how, proved in a certain field, independent of the parties and registered as such in the register of the experts kept by the Bankruptcy Court. In those cases where the expertise area is not covered by the register of experts kept by the Bankruptcy Court, “Expert” shall mean the qualified professional with a special know-how, proved in a certain field that appears in a court procedure providing his independent opinion in such specialized area.
17) "Foreign court" is the competent authority that controls or supervises a foreign proceeding.
18) "Foreign main proceeding" is a foreign proceeding taking place in a foreign state where the debtor has its center of main interest.
19) "Foreign proceeding” is a collective judicial or administrative proceeding in a foreign state, including an interim proceeding, pursuant to a bankruptcy law, in which proceedings in relation to the assets and activities of the debtor in relation to reorganization or liquidation are subject to the control or supervision by a foreign court.
20) "Foreign representative” is a person or institution, including a temporary one, authorized by a foreign proceeding to administer the reorganization or the liquidation of the debtor’s assets or activities or to act as a representative in a foreign proceeding.
21) "Foreign secondary proceeding" is a foreign proceeding, different from the foreign main proceeding that takes place in a foreign state where the debtor has an establishment.
22) "Insolvency" is when a debtor, whether a natural or legal person, is not able to pay its debts as they become due. In the case of a legal person, insolvency is also the financial situation according to which the debtor’s total liabilities exceed the total value of its assets.
23) “Monitoring administrator” is the administrator appointed by the court in the decision of commencement of bankruptcy proceedings or after such time, to supervise the debtor, authorize disposition acts and other duties contemplated in this law.
24) "National Bankruptcy Agency" is the competent state authority for the supervising, training and licensing of the bankruptcy administrators’ activity, as well as any other duty foreseen by the law.

25) "Participating party" is any physical or legal person that becomes part of the bankruptcy proceeding either as a debtor, creditor, administrator or any other party, in accordance with the provisions of this Law.
26) "Person related to debtor" means:
    a. When the debtor is a natural person:
        1. the debtor's spouse or cohabitant even if the marriage or the cohabitation takes place after the legal transaction or is terminated or canceled during the year preceding any relevant transaction;
        2. the ascendants or descendants of the debtor or of the spouse/cohabitant, the brothers, sisters and other relatives of the debtor up to the second degree of consanguinity or affinity and the spouse/cohabitant and the spouses of such persons;
        3. the spouses or cohabitants of any of the persons referred to in the paragraph above even if the marriage or cohabitation takes place after the transaction or is terminated or canceled during the year preceding any relevant transaction;
        4. persons who, because of any relationship with the debtor, are in a position to access confidential information on the financial situation of the debtor;
    b. When the debtor is a legal person:
        1. any legal entity controlled by the debtor according to the relevant commercial or corporate law;
        2. any legal entity belonging to the same corporate group as the debtor;
        3. the general manager, administrator or any member of a managing or supervisory body of the debtor;
        4. persons holding more than one fourth of the debtor's capital;
        5. any member of the debtor with unlimited liability for the debtor's debts;
        6. a person having access to confidential information or data on the financial status of the debtor by virtue of his/her special position in the debtor;

27) "Preferential Creditors" are those enumerated in Article 38 of this law.
28) "Provisional measures": are cautionary measures adopted by the court to avoid deterioration of the bankruptcy estate in the terms described in Article 22 of this law.
29) "Public notice": Refers to the notification contemplated in Article 12 of this law.
30) "Secured creditor" is a creditor holding a claim enumerated in Article 37 of this law.
31) "Subordinated creditors" are those enumerated in Article 40 of this law.
32) "Temporary administrator" is an administrator who is appointed by the bankruptcy court before the commencement of the bankruptcy proceeding and shall perform the function of monitoring or bankruptcy administrator in accordance with Article 23 of this law.
33) "Unsecured creditors" are those creditors referred to in Article 39 of this law.

Article 4
Principle of applicable legislation

1. The bankruptcy proceeding shall be governed by this Law.
2. The provisions of the Civil Procedure Code and other laws shall be applicable only for issues not provided for in this Law.

Article 5
Principle of expeditiousness

1. The bankruptcy proceeding shall follow due process within expeditious and reasonable terms.
2. A bankruptcy proceeding shall not be suspended or discontinued except when expressly provided otherwise in this Law.
3. Court decisions and orders shall be immediately enforceable except when expressly provided otherwise in this Law.

Article 6
Principle of transparency and information

1. The bankruptcy proceeding shall be public, within the limits set forth by this law.
2. Participating parties in the bankruptcy proceeding are entitled to be provided with information on the proceeding, pursuant to the procedure defined in this law.

Article 7
Debtor in bankruptcy proceeding

1. A bankruptcy proceeding may be initiated over any person, natural or legal.
2. A bankruptcy proceeding may be initiated even after the dissolution of the legal person that is not liquidated yet.
3. A bankruptcy proceeding may not be open over public entities subject to administrative law. Publicly or state owned companies with private form are subject to this law.
4. This law shall not apply to insurance companies, banks and financial institutions or any other entity that has a specific bankruptcy process regulated in special laws.
5. Unless regulated in a different law or regulated in a different one, but the entity has lost the license, this law shall apply in the case of insolvency of an entity belonging to a legally declared strategic sector that performs a public service, with the specific regulation included in Article 77.

Article 8
Public access

1. Upon the request in writing of a participant party in the bankruptcy proceeding, the bankruptcy administrator or the debtor when it keeps the administration right during the proceeding, shall, within 5 days from the request notification day, provide the party with the bankruptcy documentation.
2. The bankruptcy administrator or the debtor when it keeps the administration right during the proceeding, upon the request of the parties, shall refuse the delivery of such information, providing a well-founded decision, when it is determined that the information comprises confidential commercial information of the debtor, puts the debtor or his assets at an unreasonable risk or in other cases as prescribed by law.
3. The participating party may file a claim with the Bankruptcy Court against the administrator or debtor's decision to refuse the provision of such information. The court shall give the administrator or the debtor 5 days to respond and decide on such request within 5 days, after the administrator or debtor's response or the deadline to do so.

Article 9
Jurisdiction of the bankruptcy court

1. The bankruptcy proceeding is administered by the bankruptcy court, which adopts decisions and orders.

2. The bankruptcy court may *ex officio* investigate all aspects of the bankruptcy proceeding.
3. The bankruptcy court is competent for the judgment of all matters related to the bankruptcy proceeding and affecting the bankruptcy estate, including the following:
   a) an action by the administrator relating to the invalidity or annulment of the debtor's legal transactions;
   b) an action concerning the liability of debtor's management; and
   c) actions relating to recognition and/or objection of the creditor's claims.
   d) cases that the bankruptcy court hears as per Article 69 point 5 and Article 78 point 3 of this law.
4. The bankruptcy court shall not be competent to hear the continuation of cases in which the debtor is plaintiff against third parties.

Article 10
Jurisdiction of the Appeal Court

1. The decisions of the Bankruptcy Court shall be subject to appeal only in the cases expressly stated in this Law. Any appeals of the decisions or orders shall not suspend enforcement of same, except when otherwise provided for in this Law.
2. The Decisions of the Bankruptcy Court are subject to appeal to the Court of Appeal, in accordance with the law, within 15 days, except special appeal cases as provided in the Law. The deadline for the special appeal in accordance with this Law is 5 days.
3. The deadlines for the appeal are final and start from the following day from the notification of the decision. If the decision is made during a hearing, for parties not present to the decision, the deadline for the appeal starts from the following day from the notification of the decision.
4. The appeal court shall review the case in the counseling chamber in accordance with the Law, within 30 days from the date of the filing of the appeal.
5. In cases when new facts must be verified, new pieces of evidence are being submitted and the bankruptcy court has special jurisdiction, the court of appeal may decide to review the case at an oral hearing in the presence of parties.

Article 11
Territorial competence

1. The bankruptcy proceeding shall be reviewed and administered in the bankruptcy court where the debtor has its center of main interests. The bankruptcy court shall examine on its own motion whether it has jurisdiction.
2. If a bankruptcy proceeding is declared under the territorial competence of several bankruptcy courts, direct competence for reviewing and administering the case shall be with the court where the request for the commencement of the bankruptcy proceeding was first filed.
3. If multiple requests for the commencement of the bankruptcy proceeding are filed in relation to the same debtor, these requests shall be merged with the request first filed.

Article 12
Notifications and announcements

1. Notifications of bankruptcy court decisions on the commencement of bankruptcy proceedings shall be made by the bankruptcy court by expedited post or by electronic transmission in accordance with the provisions of the Civil Procedure Code.

2. Aside from the notification provision above, whenever this law or the court requires a public announcement, it will be done in the National Registration Center and in the way and places defined by this law and the Regulation. Such public announcements shall be deemed notification to all parties participating in the bankruptcy proceeding, except whenever this law prescribes otherwise.
3. The court may ask the administrator to fulfill all necessary notifications and announcements, including on the official website of the debtor, if applicable.
4. The Court secretary shall notify the National Bankruptcy Agency of the commencement of any bankruptcy petition no later than five days from the filing of any such request.
5. The Court secretary shall send for publication in the National Registration Center, any decision on the commencement, suspension and closing of a bankruptcy proceeding unless otherwise specified in this Law.
6. The notifications and announcements shall contain information on the debtor and, in particular, the address of domicile or the place where the debtor has the center of main interest as well as the seat where he conducts business.
7. The bankruptcy court may order other such publications as it sees fit.

PART TWO

COMMENCEMENT OF THE BANKRUPTCY PROCEEDING, PARTICIPATING PARTIES AND BANKRUPTCY ESTATE

CHAPTER I
COMMENCEMENT OF BANKRUPTCY PROCEEDING

Article 13
Request to commence a bankruptcy proceeding

The opening of bankruptcy proceedings may be requested by the debtor or his creditors in written form and in accordance with the requirements set forth in this law.

Article 14
Documentation to accompany the debtor request

1. The following documents and information shall be filed by the debtor together with a debtor's request:
   a) a report by the debtor stating the causes of the insolvency and the debtor's analysis of the future of the business.
   b) the history extract on the debtor provided by the National Registration Center.
   c) the balance sheets and the financial statements of the debtor for the last three years of the debtor activity or less if the debtor has been in activity for a shorter period of time;
   d) a listing of immovable and movable properties, including:
      i. the values of each asset at the moment of purchase,
      ii. the current market value in case they have been subject to re-evaluation,
      iii. location of the assets and/or
      iv. data registered in the public registries, whether any such assets are subject to any legal proceedings , and
      v. whether any such asset has been pledged as security, or is subject to any lien, and, if so, the value of the secured loan;
   e) a listing of current cash balances and sources of revenue;
   f) a listing of creditors who are natural persons, including their names, addresses and the amount and origin of the debt.
   g) a listing of creditors that are legal persons, including their names, addresses, headquarters, names of their legal representatives if known, and the amount and origin of the debt.
   h) a listing of the debtor's debtors, natural or legal persons, including their names, addresses, headquarters, the amounts they are owed and origin of the credit.
   i) a list of all legal proceedings where the debtor is party, as plaintiff or defendant,

2. The documents listed above shall be original, signed and/or sealed in each paper and accompanied by a declaration, that the contents of the accompanying documents are complete and accurate. Where there is reason to believe that the content of the documents is not complete or accurate, this concern should be expressly stated in the text of declaration.

3. In the case of a simple association, where none of the partners are individuals, point 1 of this Article shall apply to the members of the board of directors as well as members, shareholders and partners representing the partners of the simple association.

4. The submission of the documents and the declaration pursuant to point 1, containing false evidence, constitutes a criminal act and is punished according to the provisions of the Criminal Code, apart from the penalties contemplated in this law.

Article 15
Obligation to request the commencement of a bankruptcy proceeding

1. The debtor has a duty to file for the opening of the bankruptcy proceedings within 60 days from the date on which the debtor becomes insolvent. In the case of legal entities, this duty will fall on each member of the governing body. Should such representatives fail to make the request set forth in the paragraph above, they shall be personally liable to compensate creditors for any damages suffered due to such failure. The bankruptcy court may also impose a sanction to the debtor or each member of the governing body that fails to comply with this article disqualifying them from exercising any business activity from a period from 1 to 5 years, depending the seriousness of the breach.
2. If such request is not filed jointly by all the members of the governing body or all the partners of the simple association, the request shall be allowed by the bankruptcy court if the causes set out for the commencement of the bankruptcy proceeding are sufficient and convincing. The bankruptcy court shall hear from the other members of the governing body and simple partners before making a decision.

Article 16
Request by the creditor

1. The bankruptcy court shall accept a creditor’s request if the creditor proves that the debtor is insolvent. To file, the creditor will need to prove the existence of a liquid unpaid matured debt.
2. Insolvency is presumed if the creditor has failed in executing an obligation in a compulsory enforcement procedure during the period of voluntary enforcement, as provided by Article 517 of the Civil Procedure Code. The debtor may by evidence rebut such presumption proving that it is solvent and that it does not owe the creditor an unpaid matured debt.

Article 17
Treatment of request by the debtor

1. When the debtor files for bankruptcy, the court will review compliance with the requirements set forth in Article 14 and if, following a general review of the documents, there is justified appearance of the debtor´s insolvency, the court will, without further process, declare the commencement of proceedings within 5 days, in accordance with Article 29 of this law. If there is no appearance of insolvency, the court will reject the petition.
2. If the documents included in Article 14 are incomplete, the debtor will be given 5 days to amend the inadequate petition. If within the said period the debtor does not complete the petition, the court will reject the case.

Article 18
Treatment of request by the creditor

1. When creditors file for bankruptcy, the court will review the petition and check for compliance with the requirements set forth in Article 16. If they have been complied with, the court will notify the debtor of the petition within 5 days, attaching a full copy of the creditor’s submission and

enclosed documents.

2. The debtor will have 10 days from the moment it is notified of the petition to oppose in writing to the commencement of bankruptcy proceedings, providing all documents necessary to support his allegations. If the debtor does not oppose in time and if the remaining formal requirements are met, the court with declare the commencement of proceedings within 3 days in accordance to Article 29 of this law.
3. If the debtor opposes, the following articles will be applicable.

Article 19
Proceeding in case of debtor's opposition to a creditor's request

1. Within 5 days from the date that the debtor filed the opposition to the commencement of bankruptcy proceedings, the Bankruptcy Court shall:
   a) set the court hearing date, which shall take place no later than 30 days from the date on which the decision is made;
   b) summon the debtor to appear at the court hearing, as well as the creditor who requested the opening of the proceedings.
   c) if any of the parties requests the appointment of an expert or temporary administrator, or if the bankruptcy court considers it essential to have an expert opinion to decide on the commencement of the bankruptcy process, the court may decide to appoint an expert or temporary administrator to:
      i. verify if there is a cause to commence the bankruptcy proceeding;
      ii. verify whether the debtor's assets will cover the costs of the bankruptcy proceeding;
      iii. supervise the debtor's operations
      iv. provide an opinion on whether it is necessary to impose provisional measures to secure assets.
2. The court may request the expert to provide additional opinions on such other aspects of the case as the court might require.
3. During the case review, the bankruptcy court must consider whether it is necessary to impose provisional measures over the debtor's assets pursuant to Article 22 of this Law.
4. The review of the case by the bankruptcy court shall be concluded as quickly as possible and, in any event, no later than 10 days from the date of the hearing.
5. Within the timelines set forth in this Law, the Bankruptcy Court may decide to:
   a) reject the request due to lack of legal cause for the commencement of the bankruptcy proceeding;
   b) reject the request due to insufficiency of the debtor's assets to cover the costs of the bankruptcy proceeding; or
   c) accept the request and commence the bankruptcy proceeding, in which case the bankruptcy court will issue a decision as per Article 29 of this law.

Article 20
No asset cases

1. In cases when the bankruptcy estate has insufficient assets to cover the costs of the bankruptcy proceeding, the bankruptcy court shall issue a decision closing the case due to lack of assets.
2. Before proceeding to close the case, the court will inform the creditors and make a public announcement of the situation. Creditors and other interested parties are entitled within 60 days of such notification to appear in court and object to closing the case for lack of assets on the following grounds:
   a) that the debtor has assets;

b) that further investigation is needed regarding assets that the debtor transferred and that may be subject to an avoidance action in accordance with articles Article 79 to Article 81 of this law.

3. The bankruptcy court, within 5 days, shall communicate to the prosecutor every allegation of the party which has reasonable doubts on the need to have further investigation on the transactions of the debtor and suspend the case for 6 months during which the investigation shall be conducted.

4. The court will proceed to close the case due to lack of assets if:

a) there were no objections to closing the case, after the term of 60 days for the parties to object.
b) the prosecutor decides that there is no penal liability.
c) after 6 months after the suspension of the case.

Article 21
Debtor's obligation to provide documents

1. When the bankruptcy process has been commenced following a petition by the creditor, the debtor shall have 10 days to provide the court with all necessary information and documentation in accordance with Article 14.

2. If the debtor fails to comply with this duty, it shall be responsible of the administrative fines contemplated in this law, apart from the other civil or criminal penalties that may correspond.

Article 22
Imposition of Provisional Measures

1. Until a decision is made by the bankruptcy court regarding the request to commence a bankruptcy proceeding, the court as an exceptional remedy and at the request of a party or ex officio may impose any kind of measure on the debtor's assets that it deems appropriate to avoid deterioration of the bankruptcy estate.

2. In particular, the bankruptcy court may:

a) appoint a temporary administrator to either monitor the debtor or to replace the debtor from the management;
b) impose a prohibition to the debtor to dispose of the estate in any way that is outside the ordinary course of business;
c) Order other measures as the court considers necessary to avoid deterioration of the debtor's financial circumstances to the detriment of creditors.

3. The provisional measures over the debtor's assets in accordance with this article may be imposed by the bankruptcy court for a term of 30 days, and may be extended by the bankruptcy court for a further period of 30 days. Following this 30-day term or its extension, the provisional measure over the debtor's asset shall be terminated.

4. In those cases where the provisional measure affects a secured creditor enforcing its security over the assets of the debtor, the court shall only accept the provisional measure as long as:

a) the bankruptcy court determines that the value of the security taken is higher than the total value of the loan, including all enforcement costs;
b) the court has first organized a hearing with the affected secured creditors regarding the request for the provisional measure.

5. The bankruptcy court shall impose the provisional measures referred to above no later than 10 days from the date of filing of the request for the commencement of a bankruptcy proceeding.

6. Any party affected by the provisional measure is entitled to a special appeal against the decision of the bankruptcy court imposing or rejecting a provisional measure.

Article 23
The temporary administrator

1. Before the commencement of the proceedings, the court may appoint as a Provisional Measure a temporary bankruptcy administrator or a temporary monitoring administrator.
2. If the bankruptcy court appoints a temporary bankruptcy administrator and does not permit the debtor to dispose of its assets, the right to manage and dispose of the debtor's assets shall be vested in the temporary bankruptcy administrator. In such cases, the temporary bankruptcy administrator shall:
   a) ensure the security and preservation of the debtor's assets;
   b) continue the daily management of the debtor's business until the bankruptcy court decides on the commencement of a bankruptcy proceeding;
   c) perform, as an expert, the tasks outlined in Article 19 (1) of this Law at the request of the bankruptcy court; and
   d) perform other tasks that the bankruptcy court may order.
3. If the bankruptcy court appoints a temporary monitoring administrator without imposing on the debtor a general prohibition on making dispositions, the court shall require the temporary administrator to monitor the debtor's actions and report to the court should further measures appear to the bankruptcy administrator to have become necessary.
4. In any of the circumstances described above, the temporary administrator shall be entitled to enter and investigate the debtor's premises. The debtor shall allow the temporary administrator to inspect his books and records and shall make available to him all necessary information.
5. The temporary administrator has the right to provide priority payment as creditors of the bankruptcy estate to suppliers of necessary goods, services and loans as creditors in respect of supplies of such essential goods, services and loans subsequent to the request for the commencement of the bankruptcy proceeding.
6. The administrator shall require the bankruptcy court's approval to make any such priority payment. If the following conditions are met the bankruptcy court's approval shall be granted:
   a) the priority is necessary for the continued operation of the business;
   b) the supply of such goods, services and loans is essential;
   c) it is shown that such action is in the best interests of the creditors and the bankruptcy estate.
7. In urgent cases, when approval of the court may delay performance of the action, the temporary administrator may grant the priority payment without prior approval, on the condition that the supply of such goods, services and loans is essential.
8. The temporary administrator shall be held liable for damages in the same way as the bankruptcy administrator and the monitoring administrator, depending on the case.

Article 24
Public announcement of restrictions on the disposal of assets

1. The decision to restrict the disposal and the administration of assets by the debtor, as mentioned in Article 22 of this Law, as well as the appointment of a temporary bankruptcy administrator, shall be announced publicly. In addition to the public announcement, the decision is notified directly to the debtor and the temporary bankruptcy administrator when the decision is taken in their absence.
2. The decision for every kind of restriction of the assets disposal or management shall be filed with the National Registration Center, the respective tax authority, the Office for the legal person registration, as well as all relevant public authorities required by law to reflect the relevant notes.

Article 25
Consequences arising from the restrictions on the disposal of assets

1. Any transactions of the debtor contrary to the restrictions placed on the disposal of assets, as provided in Article 22 of this Law, shall be invalid and the parties to the transaction are to return their respective consideration on the basis of *restitutio in integrum*.
2. If, contrary to the restrictions placed on the disposal of assets, the amount due to the debtor is received by the debtor instead of the temporary bankruptcy administrator, the payor shall only be discharged of the debt if the payor proves that, at the time of the payment, the payor was neither aware nor ought to have been aware of the restrictions placed on the disposal of the debtor's assets.

Article 26
Revocation of Provisional Measures

1. When the provisional measures are revoked, the same notification and public announcement provisions shall apply *mutatis mutandis* as in the case of their imposition.
2. The debts and obligations arisen during the period of temporary administration shall be treated as administrative expenses.

Article 27
Remuneration of the temporary bankruptcy administrator

1. The Bankruptcy Court shall determine the remuneration of the temporary bankruptcy administrator, after his appointment and require the debtor to pay it if the process is open and to reimburse all the costs. If the process is not opened, the court may impose the petitioner the costs of the process. The decision shall be communicated to the temporary bankruptcy administrator, the petitioner and the debtor.
2. Against the decision on the remuneration of the temporary bankruptcy administrator, the temporary bankruptcy administrator, the debtor and the creditor that petitioned the opening of the process, when the costs have been imposed to him, have the right of a special appeal.
3. The remuneration of the temporary bankruptcy administrator shall be decided by the Decision of the Council of Ministers.

Article 28
Appointment of an expert

1. The bankruptcy court, if requested by the parties or if it deems it necessary, may request the assistance of an expert following these rules. The appointment may proceed at any stage of the bankruptcy proceeding, but it ought to be considered exceptional and be duly justified. Justification will be deemed to exist when the expert is asked to analyze matters that are objectively out of the scope of knowledge and expertise of the administrators.
2. The court shall select one of the experts from the court list and define the duties of the expert as well as the period of time for preparing the report, which shall not exceed 20 days unless exceptionally the bankruptcy court otherwise orders. The expert shall be provided with all information of the case and may not refuse the assigned duty without a lawful reason.
3. The decision to retain an expert is made known immediately to the participating parties and to the expert. At the same time, the bankruptcy court shall require that the expert complete and sign a personal declaration of his knowledge regarding the criminal consequences of false evidence and stating that he has no conflict of interest and take an oath to perform the duties entrusted to him

well and with honor, for the sole purpose of making known the truth to the bankruptcy court. This declaration shall be submitted to the bankruptcy court along with the expertise act. The form and the content of the declaration shall be approved by the Order of the Minister of Justice.

4. Within three days of notification of the decision by the court to retain an expert, the parties have the right to make written submissions in connection with the impartiality or specific knowledge of the expert in the respective field and, when the conditions defined in article 72 of the Code of Civil Procedure exist, request his exclusion. After providing the expert 5 days to respond, the court shall decide. The decision shall not be subject to appeal.

5. The expert report shall be filed by the expert with the secretary of the bankruptcy court within the time determined by the bankruptcy court, providing the parties the opportunity to obtain copies of the report before the hearing.

Article 29
Decision on the commencement of bankruptcy proceedings

1. The bankruptcy court shall decide to commence a bankruptcy proceeding when the conditions provided for in this Law are met.

2. The decision for the commencement of the bankruptcy proceeding shall contain:

a) in the case of a natural person, the first name, last name, date of birth, personal identification number and domicile of the debtor or, in the case of a legal person, the name, type of business, tax identification number, and domicile;

b) the appointment of the bankruptcy administrator or the monitoring administrator in cases where the court decides the regime indicated in Article 61 (1). The decision will contain the first name, last name, date of birth, personal identification number, number of license and address of the appointed administrator, indicating whether it is a bankruptcy administrator or a monitoring administrator;

c) an order providing for the publication of an abbreviated copy of the decision on the official website of the court, of the National Registration Center and the Official Gazette.

d) the request to any person or entity claiming to be a creditor of the debtor to submit their claims to the bankruptcy administrator or the monitoring administrator within 45 days as from the publication in the National Registration Center.

e) the date in which the assembly on reporting will be held, which shall be no later than 120 days from the date of the resolution.

f) in those cases where the list of creditors attached by the debtor according to Article 14 is available, the court shall also appoint a temporary creditors' committee unless the small size of the business or other considerations do not make it advisable. The court will appoint 3 members, including the 2 largest unsecured creditors and the largest preferential creditor. If one of the categories is not available or if the creditors refuse to join the creditors committee, the court will choose the following largest amount in any of the categories, except subordinated creditors. In case of a filing by creditors, the bankruptcy court will appoint a temporary creditors' committee as soon as the debtor complies with Article 21of this law.

3. When the decision is to appoint a bankruptcy administrator, the decision shall specifically state that any natural or legal persons who have obligations to the debtor shall pay those obligations to the bankruptcy administrator.

4. This decision will be notified to the debtor, to the appointed administrator and to the creditor that petitioned the opening of the proceeding. The administrator will submit an abbreviated copy of the decision to each of the known creditors of the debtor, notwithstanding which, the creditors and any other interested parties will be considered notified by the public announcement.

Article 30
Order on Financing Measures

1. With the prior approval of the creditors' committee, where one has been appointed, and of the court, the bankruptcy administrator or the monitoring administrator jointly with the debtor in cases contemplated in Article 60.1, may at any time following the commencement of bankruptcy proceedings borrow money in those cases where to do so is essential for the continuation of the business as a going concern and where it is in the best interest of the creditors. Any such loans shall be treated as administrative expenses according to Article 35**.**

2. In making its decision, the bankruptcy court shall consider, *inter alia*:
   a) the length of time the bankruptcy proceedings will take;
   b) the way the company will be managed during the bankruptcy proceeding;
   c) the likelihood of the company being successfully restructured and whether the borrowings will increase that likelihood;
   d) whether the making of the borrowings is the only realistic means of restructuring the company; and
   e) the nature and value of the assets with regard to the amount borrowed;

3. Secured creditors shall be notified of this request and shall be given 5 days to be heard before the court makes a final decision in case the value of their security may affected negatively in case the borrowings are allowed.

4. If a reorganization procedure is converted into liquidation, any priority given to such borrowings in reorganization shall continue to be recognized in liquidation.

5. Upon issuance of the decision to permit such borrowings, any creditor may file a special appeal. The only possible grounds will be that the cost of the debtor of the borrowings outweighs any benefit of such borrowings.

Article 31
Commercial and Property Registers

If the debtor is registered in a commercial register, the bankruptcy court shall immediately submit to the registration body a copy of the order commencing the bankruptcy proceeding. The court can delegate this task to the bankruptcy or monitoring administrator.

Article 32
Registration of the Notice

1. The administrator shall communicate the decision commencing the bankruptcy proceeding to the Real Estate Register, by making relevant notes:
   a) to any real estate where the debtor is registered as the owner;
   b) to all other rights in rem of the debtor registered on real estate,

2. If the bankruptcy court becomes aware of real estate owned by the debtor, or the debtor has other registered rights, the court shall order the administrator to request such registration in the Real Estate Register.

3. The proceedings provided for in this Article shall be applied *mutatis mutandis* for the registration of the decision to commence the bankruptcy proceeding in all other relevant registries, including but not limited to movable property register and for making the relevant notes in the registers of other public authorities, that are in charge of the registration of the estate or other debtor rights over assets that form part of the bankruptcy estate.

Article 33
Appeal against the decision on commencement

1. Following the bankruptcy court's decision for accepting or rejecting the request for the commencement of the bankruptcy proceeding, an appeal may be filed by the debtor or the creditor who requested the commencement of the bankruptcy proceeding.
2. Should the higher court, on appeal, decide to overturn the bankruptcy court's order commencing the bankruptcy proceeding, that order shall be publicly announced.
3. Termination of the bankruptcy proceeding in accordance with any such order shall not affect the actions undertaken by the bankruptcy administrator or other third parties.

CHAPTER II
CLASSIFICATION OF CREDITORS AND THEIR RIGHTS

Article 34
Types of creditors

1. Creditors for the purpose of this law are divided into those holding claims against the bankruptcy proceeding and bankruptcy creditors.
2. Bankruptcy creditors are subdivided into secured creditors, preferential creditors, unsecured creditors and subordinated creditors.

Article 35
Creditors of the bankruptcy proceeding

1. The costs of the bankruptcy proceeding shall be:
   a) the costs of court;
   b) the remuneration of the temporary bankruptcy administrator, the bankruptcy administrator and the monitoring administrator; and
   c) approved expenses of members of the creditors' committee.
2. The administrative expenses of the bankruptcy proceedings shall be:
   a) expenses arising from activities of the bankruptcy administrator or the bankruptcy monitor in the execution of the tasks envisaged in this law;
   b) alimony and maintenance obligations arising subsequent to the commencement of the bankruptcy, where the debtor is an individual;
   c) financial or commercial credit conferred upon the debtor at the request of the debtor with the consent of the monitoring administrator or at the request of the bankruptcy administrator in accordance with this law subsequent to the commencement of the bankruptcy proceedings;
   d) amounts owing by the debtor under mutual contracts entered into or adopted by the bankruptcy administrator or the monitoring administrator after the commencement of the bankruptcy proceeding;
   e) obligations arisen after the commencement of the proceedings due to unjust enrichment;
   f) Any other indicated in this law as such.
3. Creditors who have rights arising from the obligations provided for in this article are to be paid as and when they fall due and are to be satisfied from the bankruptcy estate before all other creditors.

Article 36
Claims with an Exclusion Right

1. Any person holding an ownership right recognized by the law of an asset in possession of the debtor shall be entitled to claim the exclusion of such asset from the bankruptcy estate. The right to exclude this asset shall be governed by provisions provided outside the bankruptcy law.
2. If the debtor sold the asset for which exclusion is claimed before the commencement of the bankruptcy proceeding, without taking into consideration the right prescribed in (1) above, the creditor with an exclusion right will have to prove its claim as a bankruptcy creditor, independently of all other criminal actions that may be in the process.
3. If the asset is sold after commencement of the bankruptcy proceeding, the creditor with an exclusion right will be considered a creditor of the bankruptcy proceeding.

Article 37
Secured Creditors

1. Creditors with valid security rights including pledge, mortgage or any other type of security rights recognized by the civil code or other special laws over assets of the debtor included in the bankruptcy estate shall be entitled to realize the value of that security in accordance with its terms, subject to the exceptions contained in Part VI, Chapter II of this Law.
2. Secured creditors shall be considered unsecured for the portion not satisfied from the proceeds of the sale of the secured asset. They shall also be unsecured whenever they waive their security right.

Article 38
Preferential Creditors

The following claims will be considered preferential:

a) claims arising from the termination of the employment up to three months before the filing for bankruptcy, including wages and annual health permits, and maternity leave payment, not exceeding 500 thousand Lek in total;
b) claims for alimony and maintenance arising prior to the commencement of the bankruptcy when the debtor is an individual;
c) employee claims for personal injury incurred while working in the debtor enterprise;
d) tort claims in cases where there was a direct risk to the health or life of the creditor, arisen as a consequence of damage caused by the debtor before the commencement of bankruptcy proceedings;
e) claims for unpaid taxes arising in the one year leading up to the filing the request.

Article 39
Unsecured Creditors

Unsecured creditors are the legal or natural persons holding any bankruptcy claim that cannot be classified as secured, preferential or subordinated.

Article 40
Subordinated Creditors

1. The following claims are to be subordinated:
   a) penalties for late payment accruing on the claims of the bankruptcy creditors before the commencement of the bankruptcy proceeding;
   b) fines under the Civil Code, administrative legislation and Criminal Code which are binding

on the debtor;

c) claims for repayment of loans by persons related to the debtor, if the lender or credit provider was a related person at the moment of the transaction;

d) claims which the creditor and the debtor have agreed to be subordinated.

2. Interest accrued on the claims of subordinated creditors shall rank with equal status as the claims of such creditors.

Article 41
Contingent Claims and Claims with Several Debtors

1. Claims subject to a suspensive condition shall be considered as contingent, for as long as the condition has not been realized. Contingent claims are to be mentioned in the list of creditors with their classification but without indicating their amount. They have no right to vote in the assembly or to receive any payment, but, if the occurrence of the condition seems likely, the bankruptcy administrator may ask the judge to temporarily set aside an amount for payments. The same will be applicable in case of claims against the debtor subject to litigation in a different court of justice.

2. A creditor in the bankruptcy proceeding holding claims against several persons may file a single claim for the total amount against each debtor as if he had a claim for the total amount at the date of commencement of the bankruptcy proceeding until the claim is fully satisfied the claim. Creditors who receive full or partial payment from other debtors, shall be obliged to inform the bankruptcy administrator no later than 5 days after the event, under the criminal and administrative penalties that may be applicable.

CHAPTER III
THE BANKRUPTCY ADMINISTRATOR. CREDITORS' REPRESENTING BODIES

ADMINISTRATORS IN BANKRUPTCY

Article 42
Requirements to become an administrator in Bankruptcy Proceedings

1. In order to be appointed as bankruptcy, monitoring or temporary administrator, the person must be an Albanian citizen who has obtained a masters degree in finance, law, accounting or business administration, with at least five years of work experience in those fields, and who has been licensed by the National Bankruptcy Agency.

2. A Decision of the Council of Ministers may further determine the requirements to act as administrator in bankruptcy.

Article 43
Appointment of administrators in bankruptcy

1. The bankruptcy court is competent to appoint the bankruptcy, monitoring and temporary administrators. The appointment shall fall upon a candidate that is adequate for the case and independent from creditors and debtors.

2. According to the point 1 of this article, the following persons may not be appointed as administrators:

a) persons having family or business relations with the debtor or its officials, directors, staff, shareholders or creditors;

b) persons having family or business relations with the bankruptcy judge;

c) persons serving as officials, directors, staff or shareholders of direct competitors of the debtor's business;

d) persons who have become bankrupted at the time of the appointment;

e) persons who, in compliance with the laws of the Republic of Albania, cannot be appointed as directors of a commercial company; and

f) persons who have previously provided professional advice to the debtor.

Article 44
Supervision by the bankruptcy court

1. The court may require the administrator, at any time, to provide specific information or submit a report on the progress of the bankruptcy proceeding and the management of the bankruptcy estate.

2. The bankruptcy court shall notify the National Bankruptcy Agency on the failure of the administrator for the only purpose that the Agency is able to fulfill his duties and the administrative penalties against him, if applicable.

Article 45
Dismissal and resignation of the administrator in bankruptcy

1. The bankruptcy court may dismiss the administrator who has failed to comply with his duties. Such dismissal may be ordered by the bankruptcy court upon the request of the creditors' committee, creditors holding at least 10% of the total amount of claims or the debtor. The court shall hear the bankruptcy administrator before making its decision and, if the request is filed by the debtor, the judge will also hear the creditor's committee. The decision shall be adopted within 10 days as from the administrator's response or as from the expiration of the deadline to do so.

2. The administrator may resign from his duties if there is objective cause and his stay in office would not in the best interests of creditors. His resignation request shall be evaluated by the bankruptcy court. Unjustified resignations may trigger and administrative fine or other consequences foreseen in bylaws.

3. The administrator and the party that petitioned his removal have the right to submit a special appeal with respect to any decision of the bankruptcy court relating to his dismissal.

Article 46
Replacement of the administrator in bankruptcy

1. In case of removal or resignation of the administrator, the bankruptcy court will immediately appoint a new one.

2. The outgoing administrator shall continue to perform his duties until he transfers those duties to the new administrator.

Article 47
Liabilities of the administrators in bankruptcy

1. The bankruptcy administrator is required to be diligent in carrying out his duties.

2. In case of breach of his duties as defined in this law, the administrator shall be held liable for damages negligently caused to the insolvency estate or directly to the participating parties in the bankruptcy proceeding.

3. The right to claim damages arising from a breach of duty or non-fulfillment of the bankruptcy administrator's obligations shall expire three years from the date the harmed party becomes aware of the damage and of the circumstances showing the responsibility of the administrator for the incurred damage, or three years from the date when the bankruptcy proceeding was completed, whichever occurs later.

Article 48
Remuneration of the administrators in bankruptcy

1. The Court must approve of the remuneration to be paid to a bankruptcy administrator, irrespective of the capacity in which the bankruptcy administrator is appointed.
2. In determining the amount of remuneration to be paid to an administrator in bankruptcy, the bankruptcy Court shall consider the following:
   a) the value of the estate;
   b) the complexity or otherwise of the affairs of the debtor;
   c) the time properly given by the bankruptcy administrator to the administration of the estate; and
   d) any resolution of the creditors' committee or of the creditors' assembly with respect to the remuneration of the bankruptcy administrator, including the establishment of a success fee.
3. Bylaws will deal with all aspects of remuneration of bankruptcy administrators.
4. The bankruptcy administrator, the debtor and bankruptcy creditors have the right to file a special appeal in accordance with this law with respect to the decision of the bankruptcy court on administrator remuneration.

Article 49
Submission of accounts

1. On completion of his duty, the administrator shall submit his accounts to the creditors' committee that may provide comments within 10 days of reception.
2. The accounts, with the comments of the creditor's committee, if any, shall be deposited at the court and be made publicly accessible to the debtor and its creditors. The deposit shall be published in the National Registration Center and on the website of the Court, if it exists.
3. The debtor and its creditors may oppose to the accounts within a period of 10 days from the moment the accounts were made available at the Court. If there is no opposition, the Court will approve the accounts without further action.
4. If any of the parties files an opposition, the text of opposition and any document to support the arguments envisaged therein will be notified to the administrator in bankruptcy, who, in turn, will have 10 days to make allegations in written form.
5. The Court will summon the administrator and the opposing party to a hearing within 10 days from the administrators' response or the expiration of the term to do so, where the case will be decided.

CREDITORS' COMMITTEE

Article 50
Appointment and composition of the creditors' committee

1. After the appointment of the temporary creditors committee under Art. 29 of this law, the creditors' assembly can replace or appoint a new creditors' committee at any time.
2. The creditors' committee shall be composed of a minimum of 3 (three) and a maximum of 5 (five)

members with voting rights. Each member has one vote, irrespective of the amount of its claim.

3. The creditors' committee shall be representative of the bankruptcy creditors, but need not include subordinated creditors. If possible, it should include one preferential creditor and one or more unsecured creditors. Secured creditors may be appointed, so long as they do not form a majority of votes in the committee. If the debtor has at least 20 employees, at least one employee representative should participate in the creditors' committee. The representative of the employees shall have no right to vote on matters being considered by the creditors' committee, unless the employee is a creditor of the debtor and there are other creditors of the same kind.

Article 51
Creditors' committee functioning and duties

1. The members of the creditors' committee shall support and monitor the activities of the administrators in bankruptcy. In particular, they shall monitor the conduction of the business of the debtor.
2. In order to execute its task, the committee may examine the debtor's books and records. Further, the members of the creditors' committee shall be entitled to request and receive from the bankruptcy administrator information on the progress of activities during the bankruptcy proceeding.
3. A member of the committee may, in relation to the business of the committee, be represented by another person duly authorized in writing for that purpose. No person may act as both a member of the committee and as representative of another member.
4. At any meeting of the creditor's committee, the bankruptcy administrator may be requested to attend.
5. A creditors' committee is a collegiate body and, as such, it will be duly constituted if there are enough attendants to form a majority. The decisions will be adopted by absolute majority of members present or represented.

Article 52
Dismissal and liability of creditors' committee members

1. The bankruptcy court may, upon written request from a participating party, dismiss a member of the creditors' committee for a justified cause. Prior to issuing the decision, the Bankruptcy Court shall hear submissions of the member of the creditors' committee, the requesting party as well as the member under question.
2. Liability of the members of the creditors' committee may established for negligently failing to comply with their duties.

Article 53
Expenses of the creditors' committee members

The members of the creditors' committee are entitled to be reimbursed for their expenses, as long as they are reasonable and they have been approved by the court in advance.

CREDITORS' ASSEMBLY

Article 54
Creditors' assembly

1. The creditors' assembly shall be convened by the bankruptcy court or by the bankruptcy or monitoring administrator. The administrator may convene whenever it deems necessary for the good functioning of the insolvency proceedings. Further, the administrator must convene the assembly in the following cases:
   a) For the adoption of the decisions mandatorily assigned in this law to the Assembly.
   b) In any case if requested by:
      i. the creditors' committee;
      ii. at least five bankruptcy creditors , except subordinated creditors, that represent at least of one fifth of the value of the total claims, except the subordinated claims.
      iii. one or more bankruptcy creditors , except subordinated creditors, whose claim represents two fifths of the value of the total claims, except the subordinated claims.
2. If the bankruptcy or monitoring administrator does not convene the assembly in the cases stated above in 1.a) and b), the parties may file a petition with the Bankruptcy Court. The Bankruptcy Court shall decide on the request to convene the creditors' assembly within 5 days from its filing. The period between the Court's decision and the date of the creditors' assembly shall not exceed 20 days.
3. All bankruptcy creditors shall be entitled to attend the assembly.
4. The date, time, place and agenda of the creditors' assembly shall be announced publicly. The decision to convene the assembly will be published in the Official Gazette and the National Registration Center.

Article 55
Constitution of the creditors' assembly

1. The creditors' assembly shall be chaired by the bankruptcy or monitoring administrator.
2. The assembly will be duly constituted with the presence of at least 50% of the total claims in the first call, and 35% in the second.

Article 56
Determination of voting right

1. The voting right is determined on the basis of the list of creditors. In all assemblies held before the formation of the list of creditors, voting rights will correspond to the claims filed by bankruptcy creditors that are not disputed by the bankruptcy administrator or by any creditor with a voting right. Subordinated creditors shall have no voting rights.
2. Creditors with disputed claims shall have a voting right only to the extent the bankruptcy court so decides, after hearing the administrator and any other person the court thinks fit.

Article 57
Decisions of the Assembly

1. A decision of the creditors' assembly shall be valid if a majority in value of the claims of bankruptcy creditors with voting rights and present in person or by proxy vote in favour of such resolution.
2. The decision to approve a rehabilitation and a reorganization plan will be governed by the rules included in the respective sections of this law, and by the articles in this chapter concerning anything not expressly regulated in their respective sections.

Article 58
Opposition against the decision of the creditors’ assembly

1. The bankruptcy and monitoring administrators and bankruptcy creditors, except subordinated creditors have the right to appeal a decision of the creditors’ assembly within five days from the public notice of the decision.
2. The decision can be challenged before the bankruptcy court due to a breach of the formalities included in this law for the convening and celebration of the assembly, as well as in case of a breach of the rules concerning the adoption of the decision.
3. The bankruptcy court shall hear the administrator, the debtor, the creditors´ committee and any other party that considers relevant and adopt a decision within 10 days of receiving the written opposition to the assembly´s decision.
4. A decision of the bankruptcy court to repeal the creditors' assembly decision shall be announced publicly and all or part of the decisions annulled or amended.
5. Any creditor which voted on the decision repealed may submit a special appeal against the decision of the bankruptcy court.
6. This article only applies to the decisions concerning the approval or rejection of a rehabilitation or reorganization plan to the extent that there is no express regulation in the relevant sections.

Article 59
Informing the creditors’ assembly

The creditors' assembly may require the bankruptcy administrator to provide specific information and report on the progress of the bankruptcy proceeding and on the management of the bankruptcy estate.

PART THREE

EFFECTS OF THE COMMENCEMENT OF A BANKRUPTCY PROCEEDING

CHAPTER I
GENERAL EFFECTS

Article 60
Effects on the Debtor's rights of administration and disposition of the bankruptcy estate

1. When the bankruptcy proceeding is opened following a petition by the debtor, as an automatic consequence, the rights of administration and disposition of the insolvency estate will continue to be vested in the debtor, but subject to the following limitations:

a) the debtor's powers shall be limited to acts of ordinary administration and be subject to the general control of the monitoring administrator.

b) the monitoring administrator will need to authorize in advance all acts of disposition that fall outside the scope of the ordinary course of business or do not constitute acts of mere preservation of the estate. Any disposition of assets subject to security rights shall be deemed to be a transaction outside the ordinary course of business of the debtor.

c) the debtor may not enter into any transactions within the ordinary course of this business that is expressly objected to by the monitoring administrator.

d) at any time, the monitoring administrator or any creditor may request from the Court the total or partial removal of the powers of administration and disposition of the debtor. The petition must be duly justified and be based on the existence of a risk to the estate and the interest of creditors.

2. When the bankruptcy proceeding is opened following a petition by the creditors, as an automatic consequence, the debtor's right to manage and dispose of its assets shall be vested in the bankruptcy administrator.

3. In the decision on commencement of the bankruptcy proceeding and upon the evaluation of the circumstances of the case, the bankruptcy Court may change the effects on the debtor´s powers that derived automatically from the identity of the petitioner as described in paragraphs 1 and 2 above.

Article 61
Continuation of the Business or Professional Activity

1. The business or the professional activity of the debtor will continue after the commencement of bankruptcy proceedings, independently of whether the management powers continue to be vested in the debtor or they have been transferred to the bankruptcy administrator.

2. If, due to its lack of viability or other justified cause, the suspension of the business or professional activity is in the best interest of creditors, the bankruptcy court will authorize it following a petition by the bankruptcy or monitoring administrator, the debtor or the creditors´ committee. Before adopting the decision, the Court will in any case hear the bankruptcy or monitoring administrator.

Article 62
Disposition by the debtor

1. If, after the commencement of the bankruptcy proceeding, the debtor enters into an act of disposition that breaches the rules stated in Article 60, such act may be avoided by the bankruptcy court following a petition by the monitoring or bankruptcy administrator. The administrator shall request the avoidance whenever the act was prejudicial to the estate. The effect of the avoidance is the cancellation of the act and the removal of its effects. The counterpart to the transaction or act shall return to the estate any asset or right received, and shall be entitled to full restitution of the assets or rights provided to the debtor, unless he knew of the debtor's insolvency and acted in bad faith to gain an advantage at the expense of the bankruptcy creditors.

2. The annulment of the transaction executed in breach of Article 60 will be decided by the Bankruptcy Court pursuant to a written petition of the administrator or each of the creditors or a group of creditors holding more than 10% of the total claim. The Court will notify the debtor and the counterparty to the transaction, who will have 10 days to submit allegations from the moment of notification. An oral hearing will only be granted if indispensable to practice the probation. The Court shall decide the case no later than 15 days from the submission of the allegations by the debtor and/or the counterparty to the transaction, unless there is an oral hearing, in which case the 15 days will run from that moment.

3. If the debtor has carried out a transfer on the day the bankruptcy proceeding was commenced, such transfer shall be presumed to have been effected after the commencement of the bankruptcy proceeding.

Article 63
Performance in favor of the debtor

1. If the debtor received payment of an obligation after the commencement of the bankruptcy proceeding without the right to do so, the performing party shall be discharged of his obligation if he was unaware of the commencement of the proceeding at the time of his performance.

2. If such party performed his obligation after the publication of the order commencing the proceeding, he shall be presumed to have been aware of the commencement of the proceeding.

Article 64
Unlimited liability of partners

1. If bankruptcy proceedings have been commenced for assets owned by a simple association or an unlimited liability company, the bankruptcy administrator, the monitoring administrator may claim a partner's personal liability to the company's debts during the bankruptcy proceeding.
2. The action will be started at the Bankruptcy Court, and any moneys obtained as a consequence thereof will be part of the insolvency estate.

Article 65
Debtor's obligation to provide information and to cooperate

1. The debtor, and, in the case of legal entities, the members of the management body, as well as the members, partners and shareholders of the company for which the bankruptcy proceeding has been commenced, owe a general duty to disclose any relevant circumstances relating to the bankruptcy proceeding to the bankruptcy court, the bankruptcy or monitoring administrator, the creditors' committee and the creditors' assembly, if so ordered by the bankruptcy court.

2. The debtor, members of the management body, as well as the members, partners and shareholders of the company for which the bankruptcy proceeding has been commenced, shall support the bankruptcy administrator in the performance of his duties.

3. The bankruptcy court may issue an order that requires the members of the management body, as well as the members, partners and shareholders of the company for which the bankruptcy proceeding has been commenced, to be available at any time to meet their obligations of disclosure and cooperation. Members of the management body, as well as the members, partners and shareholders of the company for which the bankruptcy proceeding has been commenced, are prohibited from carrying out any activity that hinders the execution of such duties.

4. The debtor may be ordered by the court to comply with his obligations to cooperate and to cease any activities that are contrary to the fulfillment of his duties.

5. The duties envisaged in this article may apply *mutatis mutandis* to debtors' employees and to former employees that left within the two years previous to the commencement of the bankruptcy proceeding.

6. Failure to comply with duties included in this article may generate liability for the damages caused and, in the case of the debtor, may bring about administrative penalties and a disqualification to exercise a professional or business activity from 1 to 5 years.

Article 66
Execution of the debtor's duties

1. If necessary to provide certified statements, the bankruptcy court shall order the debtor to submit a written declaration that all evidence presented by him contains true, accurate and complete data on requested facts.

2. After interrogation, the court may require the debtor to appear at and not to leave his domicile or seat in cases when:

a) the debtor, including directors, officials, partners or controlling shareholders of a company for which bankruptcy proceedings have been commenced, refuses to give information or a written statement or to support the fulfillment of the duties of the bankruptcy administrator,

b) the debtor attempts to evade the execution of his obligations to disclose and cooperate, in particular by readying his escape, or

c) limitation of movement is necessary to avoid the debtor's actions that are contrary to the execution of his obligations to disclose and cooperate, and in particular to secure the assets involved in the bankruptcy proceeding.

3. The order imposing the restrictive measures referenced above shall be revoked by the court upon the request of the bankruptcy administrator as soon as the preconditions for ordering same no longer exist. A special appeal can be made with respect to the decision on the limitation of movement and the decision that rejects the request for the removal of such restriction.

Article 67
Supervision of debtor's mail

1. If deemed necessary in order to investigate or prevent the debtor's actions causing damage to creditors, the bankruptcy court upon the bankruptcy or monitoring administrator's request shall, on such grounds as are deemed just, order that the entities referred to in the order shall redirect to the administrator part or all correspondence exchange addressed to the debtor that may have relevance for the bankruptcy proceedings. The order shall be announced after the debtor is called and submissions are heard by the bankruptcy court except for cases when, due to particular circumstances, this would endanger the purpose of the order. If the debtor is not heard before such order, the decision shall provide the reasons for waiving such procedure and the hearing may be carried out immediately afterwards.

2. The administrator shall be entitled to open the debtor's correspondence redirected to him. Mail correspondence unrelated to the bankruptcy estate shall be forwarded to the debtor immediately. Other mail correspondence may be inspected by the debtor.
3. The debtor may submit a special appeal of the order on interception of his mail. If the cause for the correspondence inspection has ceased to exist, the bankruptcy court shall suspend the enforcement of the decision on correspondence inspection after hearing submissions of the bankruptcy or monitoring administrator.

Article 68
Payments for living expenses for natural debtors

1. The debtor natural person will be entitled to receive from the bankruptcy estate the minimum living expenses. The amount shall be determined by the bankruptcy or monitoring administrator, after consultation with the creditors' committee, or when one is not formed, with the bankruptcy court.
2. The living expenses should fulfill the basic needs of the debtor, the minor children dependents of the debtor including those that are following their education until 25 years old, spouse and former spouse pursuant to the obligations under the legislation in force.
3. The living expenses will not be less than the minimum provided by the legislation of social support.
4. An appeal of the decision of the bankruptcy or monitoring administrator with respect to the payment of living expenses may be made to the bankruptcy court.

Article 69
Stay of proceedings

1. Once the bankruptcy proceeding is commenced, no claims with economic content may be filed against the debtor. All those purporting to have a claim must file it in the bankruptcy proceedings in accordance with the procedure regulated in this law.
2. After the commencement of bankruptcy proceedings, no new executions over the property of the debtor may be filed, and, those started, must be stayed.
3. The stay referred in points 1 and 2 above is applicable to claims held by secured creditors to the extent that the security concerns an asset that is necessary for the continuation of the business or professional activity of the debtor. The stay will only apply for a period of six (6) months or until a reorganization plan is approved, whichever happens first.
4. Legal proceedings to obtain a judgment against the debtor that were in process at the moment of commencement of Bankruptcy proceedings shall, as a rule, continue until its decision by the competent judge. The decision, however, cannot be executed and the creditor will need to follow the procedure described in paragraphs 1 and 2 above.
5. Exceptionally, when the matter in dispute is especially relevant for the bankruptcy estate or the viability of the business, the bankruptcy or the monitoring administrators may request from the relevant judge the transfer of the case that was in process at the moment of commencement of bankruptcy proceedings to the bankruptcy court.
6. The stay shall not be applicable to claims with an exclusion right.

Article 70
Enforcement initiated before commencement of the bankruptcy proceeding

Any of the debtor's assets seized by the enforcement agent before the commencement of the bankruptcy proceeding and any proceeds the enforcement agent received from the sale of those assets before the commencement of the bankruptcy proceeding shall become part of the bankruptcy estate and shall be handed over to the bankruptcy administrator 5 days after the public notice of the commencement of the bankruptcy proceedings, upon receipt. If the proceeds from the sale of such asset were paid to the enforcing creditor before the commencement of the bankruptcy proceeding, the creditor may keep the proceeds, notwithstanding the possibility of such act being subject to the provisions of Chapter III of this Part.

Article 71
Set off

1. If, pursuant to the law or an agreement, a creditor had a right to compensate a claim owed by him to the debtor with a claim owed by the debtor at the date when the bankruptcy proceedings were commenced, such right shall remain unaffected by the bankruptcy proceeding.
2. Set off shall not occur if:
   a) the debt of a bankruptcy creditor in favour of the bankruptcy estate has arisen only after the commencement of the bankruptcy proceeding;
   b) a bankruptcy creditor acquired the compensation right from another creditor, only after the commencement of the bankruptcy proceeding;
   c) the bankruptcy estate has a claim against a secured creditor. No secured creditor shall have the right to compensate their claim against a direct claim from the bankruptcy estate.

CHAPTER II
PERFORMANCE OF LEGAL TRANSACTIONS

Article 72
Effects on Contracts

1. When, at the moment of commencement of bankruptcy proceedings, the debtor has fully executed the obligations under a contract and the other party has not, the debtor will have the right to claim full performance. If it is the other party that has fully executed and the debtor has not, the former will have a bankruptcy claim.
2. As a general rule, the commencement of bankruptcy proceedings does not affect the continuation of contracts that have not been fully executed by the debtor and the counterparty to the contract. The exceptions to this rule are contemplated in this law.
3. The bankruptcy administrator or the debtor, with the supervision of the monitoring administrator, may perform such executory contract and claim the other party's payment or fulfillment of the obligation.
4. The bankruptcy administrator or the debtor, with the authorization of the monitoring administrator, has the right to terminate the contract if it is in the interest of the bankruptcy proceedings. If the contract is terminated, both parties cease to be obliged to execute the remaining performance under the contract, and the other party shall be entitled to claim damages. The claim for damages is to be treated as an unsecured bankruptcy claim.
5. The other party to the contract may require the bankruptcy administrator or the debtor under supervision of the monitoring administrator to decide whether the contract will be fully executed The bankruptcy administrator or the debtor under supervision of the monitoring administrator shall adopt a decision and notify the other party of his intention within 5 days. If the bankruptcy administrator or the debtor under supervision does not respond within the specified time, he will be deprived of the right to claim the performance of the contract.
6. The rules above shall not apply to special provisions and contracts referred to in the subsequent articles of this chapter.

Article 73
Prohibition of ipso facto clauses

Any agreement or clause in a contract to which the debtor is a party that allows or provides for the early termination of the contract based exclusively on the opening of bankruptcy proceedings will be void.

Article 74
Fixed date transactions. Financial titles

1. If it was agreed that the delivery of goods was to take place at a certain time, and if such term expires after the bankruptcy proceeding was commenced, the in-kind fulfillment of those obligations may not be requested and only damages for non-fulfillment of the obligation may be claimed.
2. If it is agreed that the execution of an action of a financial nature dealing with market or stock exchange prices will take place at a certain time, and if such term expires after the bankruptcy proceeding was commenced, (1) above shall be applied *mutatis mutandis*. The following are considered to be actions of a financial nature:
   a) the delivery of precious metals;
   b) the delivery of securities or comparable rights, if there is no intention to obtain an interest in a company or to establish a long-term interest,
   c) fulfillments in kind, which have to be executed in foreign currency or in related measurement unit as per exchange rate;
   d) other rights to suppliers or execution in kind of a contract pursuant to a), b) and c) above; and
   e) financial securities according to bank or financial legislation;
3. If transactions for financial performances are combined in a frame contract or model for which an agreement has been reached that in case of bankruptcy it may only be terminated in its entirety, the totality of these transactions shall be regarded as a mutual contract.
4. The claim for damages for non-execution of obligations is calculated as the difference between the agreed price and the market or stock exchange price at the place and time agreed by the parties, but, not later than the fifth working day after the commencement of the bankruptcy proceeding for a contract with a determined period of fulfillment. If the parties do not reach an agreement, the second working day after the commencement of the bankruptcy proceeding shall be decisive. The other party may claim for non-execution on the contract only as a bankruptcy creditor.

Article 75
Prohibition of termination of rent contracts

1. Any lease between the debtor as lessee and another party - cannot be terminated by the lessor after the commencement of the bankruptcy proceeding for reasons of:
   a) non-payment of rent prior to the commencement of the bankruptcy proceeding; or
   b) deterioration of the debtor's financial situation.
2. Any moneys due under the contract by the time of opening of bankruptcy proceedings will constitute bankruptcy claims. The rent accrued following the commencement shall be an administrative expense. Failure to satisfy post-commencement rent will entitle the lessor to terminate the contract.

Article 76
Termination of mandates

1. Any contract of mandate given to the debtor or granted by the debtor referring to the bankruptcy estate shall terminate upon commencement of the bankruptcy proceeding.
2. If termination of a mandate concerning the bankruptcy estate may be prejudicial to the interests of bankruptcy proceedings, the mandate shall continue until the bankruptcy administrator is able take action over such mandate. The party performing the mandate may claim reimbursement of his expenses incurred for such continuation as a creditor of bankruptcy estate.

Article 77
Effects on Public Contracts

1. The effects of the commencement of bankruptcy proceedings on administrative contracts shall be regulated by the relevant public sector law. If no such special regulation exists, the following paragraphs will be applicable.
2. The commencement of bankruptcy proceedings will not automatically terminate public contracts and concession rights. The Public Administration will have the right to terminate the contract or the concession right when there exist objective reasons to believe that the performance of the contract is at risk. The mere existence of bankruptcy proceedings shall not be deemed enough to terminate the contract so long as the business or professional activity is ongoing.
3. When the contract refers to the execution of a basic public service, the relevant Public Administration shall be entitled to adopt any measures necessary to ensure the continuation of the service.

Article 78
Effects on Employment Contracts

1. As a general rule, the opening of bankruptcy proceedings does not affect the continuation of employment contracts.
2. The bankruptcy or monitoring administrator may propose the termination or the modification of employment contracts. The effect of the termination or the modification of the contracts will generally be regulated by Albanian labour law. In any case, the situation of insolvency is to be deemed an objective economic justification for the termination or the modification of employment contracts.
3. The Bankruptcy Court shall be competent to decide on any litigation or any legal issue that arises as a consequence of the termination or modification of employment contracts".

CHAPTER III
EFFECTS ON ACTIONS DETRIMENTAL TO BANKRUPTCY PROCEEDINGS

Article 79
Avoidance Actions

1. As a general rule, all actions of the debtor executed within a period of two (2) years before the opening of bankruptcy proceedings may be avoided if they caused a patrimonial damage to the debtor or provided an unjustified preference to a creditor.
2. A patrimonial damage will exist whenever the debtor enters into a transaction for which the value received, in money or money's worth, is significantly lower than the value, in money or money's

worth of the consideration provided by the other party to the debtor.

3. The existence of patrimonial damage will need to be proven by the person exercising the action, with the following exceptions:
   a) a patrimonial damage to the debtor will be presumed to exist, if: :
      i. the debtor made a gift or otherwise entered into a transaction on terms that provide for the debtor to receive no consideration;
      ii. the debtor satisfied an unsecured obligation that was not due before the commencement of bankruptcy proceedings.
   b) a patrimonial damage will be presumed to exist, with admission of proof to the contrary, in the following cases:
      i. transactions entered into with persons related to the debtor, as defined in Article 3 of this law;
      ii. the conferral of a security right to secure a pre-existing debt or a new debt that substitutes the pre-existing one when the original debt did not have security or had a security with lower value;
      iii. the satisfaction of a secured debt that was not due before the commencement of bankruptcy proceedings;
4. In the judgement of avoidance actions, despite the existence of a patrimonial damage, the bankruptcy Court will not avoid the following acts:
   a) when the debtor entered into a transaction in good faith, for the purpose of carrying on its business and, at the relevant time, there were reasonable grounds to believe that the transaction would benefit the debtor;
   b) transactions entered into by the debtor in the context of the ordinary course of business or professional activity, in ordinary terms and conditions;
   c) guarantees and security rights protected by the special rules regulating financial contracts.

Article 80
The Exercise of the Avoidance Actions

1. The bankruptcy or monitoring administrator will be primarily competent to start avoidance actions in bankruptcy proceedings.
2. Creditors who identify an act of the debtor that meets the requirements set forth in the previous article may communicate it to the bankruptcy or monitoring administrator. If the administrator does not start the avoidance action within a period of two (2) months from the communication, the communicating creditor has the right to file the action at his own expense and risk. If the creditor files the suit, the administrator must be notified.
3. Avoidance actions may be initiated only within the first 3 years following the commencement of the bankruptcy process, unless it was objectively unforeseeable earlier that a given transaction could be subject to avoidance.
4. The action must be started against the debtor and the other party or parties to the act or transaction to be avoided. If the asset object of the transaction has been transferred to a third party, the action must also be addressed against the third party so long as the plaintiff challenges the right of the third party to keep possession or property of the asset.
5. The Bankruptcy Court shall be competent to decide the avoidance case, in accordance with general procedural rules.
6. The Bankruptcy Court shall notify the suit to the parties referred in the previous paragraph within 5 days of receiving the said action. The defendants shall have 10 days to make allegations and propose any proof supporting their position. The Court shall convene an oral hearing only to the

extent that it is indispensable to practice the proposed evidence production. The Court will decide the case within 15 days from the reception of the allegations or of the production of evidence, as the case may be.

Article 81
Effects of the Avoidance

1. The decision to avoid a transaction or a preference will comprise all necessary measures to leave the bankruptcy estate as if the transaction had never taken place. In particular, the decision may:
   - *a)* decide the return to the bankruptcy estate of any property transferred as part of the voided transaction;
   - *b)* require any property to be so vested if it represents in any person's hands the application either of the proceeds of sale of property so transferred or of moneys so transferred; or
   - *c)* release or discharge of any security given by the debtor.
2. If the assets or rights that were the object of the avoided transaction have now been transferred to a third party who is a bona fide acquirer, the bankruptcy Court will order the party who did the transaction with the debtor to deliver to the bankruptcy estate the value of the asset or right at the time of the transaction with interests. If such party acted in bad faith, he will be made liable for all damages caused to the bankruptcy estate.
3. The right of the party who did the transaction with the debtor to receive back what he delivered to the debtor is to be deemed a claim against the bankruptcy proceedings, unless he acted in bad faith, in which case the claim will be subordinated.

PART FOUR

ADMINISTRATION AND POSSESSION OF THE BANKRUPTCY ESTATE DETERMINATION OF CLAIMS AND DECISION TO REORGANIZE OR LIQUIDATE

CHAPTER I
SECURING OF THE BANKRUPTCY ESTATE

Article 82
Possession of the bankruptcy estate

1. If, pursuant to Article 60.1, the debtor continues to have a right of administration and disposition over the bankruptcy estate under the supervision of the monitoring administrator, the former will keep possession of the entire estate unless the latter requests to assume possession of one or more specific assets. The assumption of possession by the monitoring administrator is to be deemed exceptional and must be limited to cases where it is deemed necessary to preserve the value of the estate.

2. If, pursuant to Article 60.2, the debtor's rights of administration and disposition over the estate are suspended, the bankruptcy administrator shall immediately assume possession and administration of the whole property forming part of the bankruptcy estate.

3. In the case regulated in the previous paragraph, the debtor is obliged to give the bankruptcy administrator all the assets which are placed in his custody or in use by him and which are part of the bankruptcy estate.

4. In order to take possession of the assets held in the debtor's custody or in use by the debtor, which are not delivered by him, within 5 days from the date of the notification of the decision on commencement of the bankruptcy proceeding, the bankruptcy administrator shall operate according to the provisions of Part 4 of the Civil Procedure Code regarding the obligatory execution.

Article 83
Inventory of bankruptcy estate

1. Upon commencement of the bankruptcy proceeding, the bankruptcy or monitoring administrator shall establish a detailed inventory of the whole property which constitutes the bankruptcy estate, within not more than 30 days from the date of the commencement of the bankruptcy proceeding. The debtor may be present during the drafting of such inventory, so long as this does not cause undue delays which impair the bankruptcy proceeding.

2. The value of each asset and right shall be determined. If the value of the asset or right depends on whether the debtor's enterprise is continued or closed down, both relevant alternative amounts shall be indicated. For the determination of the value of especially relevant assets whose valuation presents difficulties, an expert may be appointed.

3. Upon the bankruptcy or monitoring administrator's reasonable request made in writing, the Bankruptcy Court may provide an additional term of up to 15 days for the drafting of the inventory.

Article 84
Keeping the accounts under commercial and fiscal laws

1. The debtor's obligations to keep accounts in accordance with commercial and fiscal law shall be assumed by the bankruptcy administrator and, in the case of appointment of a monitoring administrator, shall continue to be the duty of the debtor under supervision.
2. A new financial year shall begin with the initiation of bankruptcy proceeding.
3. If an auditor was appointed for the financial year prior to the commencement of the bankruptcy proceeding, the auditor shall remain unaffected by the commencement of the bankruptcy proceeding.

Article 85
Transactions of particular importance

1. Transactions of particular importance are those:
   a) which aim to close or dispose of all or a substantial part of the business, assets and undertaking of the debtor,
   b) or to commence or refrain from commencing or to agree a compromise of a legal proceeding in which the financial consequences for the estate of the debtor are substantial.
2. If, at any time during the proceedings, the bankruptcy or monitoring administrator intends to close or sell the debtor's business or to carry out other transactions of particular importance for the bankruptcy proceeding, he shall obtain the approval of the court. A decision on whether to grant such approval will be made after requesting the opinion of the debtor and creditor's committee, if it is appointed.

CHAPTER II
DETERMINATION OF CLAIMS

Article 86
Filing of claims

1. Everyone who claims to be a bankruptcy creditor must file in writing their claims to the bankruptcy or monitoring administrator within the period established in the decision on commencement of the bankruptcy proceedings. Such filing will be accompanied by copies of any documents evidencing the claim.
2. The submission shall contain the basis for the claim, the claim amount and, where appropriate, whether the claimant is a secured or preferential creditor.
3. With the consent or authorization of the bankruptcy or monitoring administrator, claims may be filed by electronic means. In such a case, the originals of documents evidencing the claim shall be subsequently filed upon request of the administrator.
4. For the sole purposes of proving their claims, creditors' claims for obligations that have not yet matured due to the bankruptcy proceeding shall be deemed mature.

Article 87
List of Creditors

1. The monitoring or bankruptcy administrator shall review, check the veracity, classify and register all the creditors' claims in a list. The claims registered will be those proved in the procedure as well as those that derive from the books and accounts of the debtor. The list will include the identification of the creditor, the amount and the classification of the claim as secured, preferential, unsecured or subordinated. Claims that the administrator suggests to reject will be reflected in a separate list, with a brief description of the reason for the rejection.

2. The bankruptcy or monitoring administrator shall present the list 20 days after the expiration of the deadline for filing the claims. This period may not be extended.
3. The list of creditors shall be filed and deposited in the bankruptcy court together with the submissions and additional documents for the parties' inspection. The completion and deposit of the list will be made public by a notice in the National Registration Center and the Official Gazette.

Article 88
Rules for the Inclusion of Recognized Claims

The bankruptcy or monitoring administrator will necessarily include in the list of creditors the following cases:

a) claims expressly recognized by a judicial or arbitral decision;
b) claims recorded, in accordance with Art. 511 of the Civil Procedure Code;
c) claims recognized in an official certification issued by the relevant public authority;
d) claims secured by a security right registered in a public register.

Article 89
Uncontested claims

Claims from bankruptcy creditors that were included in the list by the administrator and were not objected by the debtor or any other creditor shall be recognized and in considered definitively verified by the bankruptcy court.

Article 90
Contestation of Claims in the List of Creditors

1. The claims included in the list of creditors may be challenged by the debtor or bankruptcy creditors in a period of 10 days from the publication of the deposit of the list set forth in Article 87. The creditors that petitioned recognition of their claims with the bankruptcy or monitoring administrator and those whose claims were suggested to be rejected may also contest the list of creditors.
2. The contestation may refer to the inclusion or lack of inclusion of a claim in the list, to the amount in which the claim was recognized or to the claim's classification. The opposition will be filed in written form and accompanied by documents proving the allegations. The party challenging the list may request that a hearing be summoned to practice oral evidence only if strictly necessary. The court may grant or deny this request based on the evidence of the case.
3. The party that contests a claim included in the list of creditors shall file its submission with the bankruptcy court. The Bankruptcy Court shall notify the bankruptcy or monitoring administrator, as the case may be, and the relevant creditor of the opposition to the list. The administrator and the creditor shall have 10 days from the notification to counter argue the allegations made in the opposition. The administrator has the duty to respond each opposition. If the administrator agrees with the opposition, he will communicate it formally to the court and amend the list of creditors accordingly.
4. The Bankruptcy Court will decide all oppositions within a period of 15 days from the moment of reception of the response of the administrator.
5. As a general rule, the opposition to a claim shall not suspend the ordinary development of bankruptcy proceedings. Only when the claims challenged affect more than 25% of the total claims included in the original list of creditors, the Bankruptcy Court may determine the temporary suspension of all or part of the procedure, for the time strictly necessary to solve the oppositions.

Article 91
Non Monetary Claims and Claims in Foreign Currency

6. A claim that is not expressed in terms of a specific monetary value shall be given a value that is estimated as at the date of commencement of the bankruptcy proceeding. Claims expressed in foreign currency or in a measuring unit, shall be converted into Albanian currency according to the official exchange rate applicable at the time of commencement of the bankruptcy proceeding for verification purposes and shall be recalculated at the time of payment for all other purposes.

Article 92
Late Submission of Claims

1. Claims filed after the period stated in Article 87 shall be considered delayed. An alleged lack of knowledge of the debtor's bankruptcy will not be sufficient ground to be treated as if the claim had been filed in due time. Late proof of claims will in any case not be considered after one year has passed from the commencement of bankruptcy proceedings.
2. Delayed claims will lose the right to participate in any decision or to receive any distribution that had taken place in the proceedings before the claim was filed.
3. Claims whose existence in the period of filing was made dependent on an investigation that was being conducted by the public administration will also be regarded as delayed claims unless the relevant public administration files a claim as contingent.
4. If there are any extra costs due to the delayed claim, the delayed creditor shall be responsible for them.

CHAPTER III
DECISION ON THE REORGANIZATION OR LIQUIDATION

Article 93
Report assembly

1. The report assembly shall be presided by the bankruptcy court and shall have as the main objective to decide whether the bankruptcy proceeding will continue by reorganization or by liquidation. The assembly will make the decision according to the majorities indicated in Article 108.
2. At the report assembly the bankruptcy or monitoring administrator shall report on the financial condition of the debtor and the factors that caused the insolvency. The administrator shall analyze any prospects of maintaining the debtor's activity as a whole or in part, indicate any possibility of drawing up a reorganization plan and describe how each of the solutions may affect creditors.
3. The administrator shall submit the report in writing with the bankruptcy court at least 10 days before the report assembly. This report shall be accessible to all participating parties.
4. The debtor, the bankruptcy creditors, the creditors' committee, and the employee representative body shall be given the opportunity to make comments on the administrator's report at the report assembly.
5. At the request of the administrator or of the one third of the creditors' assembly, the report assembly can be postponed not longer than 10 days only for one time.

Article 94
Decision to reorganize

1. If the decision of the reporting assembly is to reorganize, the creditor's assembly may mandate the

administrator to draw up a reorganization plan that would have to be deposited in court and made public no later than one (1) month before the date of the discussion and voting plan assembly referring to the point 2 of this Article.

2. In case of a decision to reorganize during the reporting assembly, the bankruptcy court will set at that time the date for a new discussion and voting plan assembly. This assembly shall take place no later than 60 days after the assembly deciding on the reporting assembly.

Article 95
Decision to open liquidation

If the decision is to commence the liquidation of the estate, the bankruptcy court shall request the bankruptcy administrator to draw up a plan for the liquidation of the debtor's estate with the content and in the time regulated in this law in the section on liquidation. To the extent possible, the liquidation plan will include the sale of the business or one or more business units as a going concern.

PART FIVE

REORGANIZATION AND EXPEDITED REHABILITATION

CHAPTER I
REORGANIZATION

Article 96
Submission of the Plan of Reorganization

1. The bankruptcy or monitoring administrator, the debtor or creditors holding claims representing 20% or more of the total amount of claims are entitled to submit a plan of reorganization to the bankruptcy court within a month of the reporting assembly that opted for a reorganization of the debtor.
2. The debtor may also submit a plan of reorganization together with the request for the commencement of the bankruptcy proceeding or any time after, with the time limit set in the previous paragraph.
3. If the creditors' assembly has under Article 94, mandated the monitoring or bankruptcy administrator to develop a reorganization plan, the administrator, in preparing the plan, will consider recommendations from the creditors and the debtor in case there are any.
4. If the debtor has submitted a plan within the previous 12 months which has been rejected by the parties or withdrawn by the debtor after publication of the date of the discussion assembly, the bankruptcy court shall refuse to accept a new plan by the debtor if such refusal is requested by the bankruptcy administrator or by the creditors' committee, if appointed.

Article 97
Information on the Plan Proposal

1. The plan of reorganization shall be submitted to the bankruptcy court.
2. The bankruptcy court shall immediately forward the plan for comments to:
   a) the creditors' committee, if appointed, and the employees' representative body, if any;
   b) the debtor, if the bankruptcy or monitoring administrator submitted the plan or the creditors; and
   c) the monitoring or bankruptcy administrator, if the debtor or creditors submitted the plan.
3. The bankruptcy court shall set a deadline not exceeding 10 days from the notification for the submission of comments.
4. The provision of comments on the plan is mandatory for the Creditors' Committee and the monitoring or bankruptcy administrators. In the latter case, the administrator will expressly give an opinion on the viability of the business following execution of the plan as well as on the likelihood of its effective implementation

Article 98
Contents of the Plan of Reorganization

The plan of reorganization shall contain all information necessary to enable all creditors with voting rights to exercise those voting rights in an informed manner, including, to the extent possible and applicable:

a) a brief general explanation of the business of the debtor and the circumstances leading to financial difficulties;

b) a list and detailed description of measures for the implementation of the plan;

c) detailed list of creditors divided into classes;

d) amounts or assets to be used for full or partial settlement of each class of creditors, as well as assets reserved for creditors whose claims have been contested, the procedure for settling claims and the timescale for such settlement;

e) description of asset sale procedures, if any, along with a list of assets to be sold with or without security interest, and the application of the proceeds of any such sale;

f) start date and all deadlines for the implementation of the plan;

g) clear statement that the adoption of the plan shall result in redefinition of all creditors' rights in accordance with the plan, including situations where a plan is not fully implemented or where its implementation is suspended, and details of the way in which such rights shall be redefined

h) list of all members of the managing body of the debtor and their remuneration;

i) detail how and within what period of time the debtor will satisfy the creditors' claims, such as by the sale of assets or of all or part of the business, obtaining loans or capital from third parties, debt reduction, debt forgiveness or rescheduling, conversion of debt to equity or other strategies permissible by law;

j) name of proposed monitoring administrator, if any, and the reporting obligations to creditors of such monitoring administrator;

k) financial projections, including projected profit and loss account, balance sheet and cash flow report for the period of the implementation of the plan;

l) estimate of the proceeds of sale in a liquidation, and of the total costs of such a liquidation, if such liquidation were conducted at the time on which the plan is submitted.

Article 99
Classes of creditors

1. For the purpose of voting on the plan, creditors will be divided into separate classes under Article 144 of this Law. Classes will be formed also for each of the subtiers of preferential claims.

2. The drafter of the plan may also propose to form classes within each of the tiers, depending on reasons different to the economic value of the claims. This will be particularly relevant in the case of unsecured claims.

3. Neither subordinated creditors nor shareholders and generally partners or owners of the legal person shall have a vote unless the plan provides for a change in the capital structure of the debtor, The previous rule does not apply to shareholders/owners/partners that are also creditors and do not fit the definition of related person.

Article 100
Equal treatment of the members within the class

1. All parties within the same class have equal rights. Different treatment of members of a class is permitted only with the approval of all members, in which case, the plan of reorganization shall be accompanied by a statement of approval of each of the group members.

2. Any agreement reached between the bankruptcy or monitoring administrator, the debtor or any other persons which provides benefits contrary to the plan is invalid.

Article 101
Rights of Secured Creditors

1. As a general rule, the reorganization plan shall not affect the rights of secured creditors.
2. If a plan purports to alter or reduce the rights of secured creditors in any manner whatsoever, the plan must fully disclose the manner and extent to which such rights will be altered or reduced, as well as the duration of any delay proposed to be applied to the enforcement or realization of their secured claims.
3. In order for secured creditors to be bound by the specific measures mentioned in the previous paragraph, specific consent must be provided by each secured creditor.
4. Secured creditors may also vote the plan if they wish to the extent that they are affected by the plan, and they will be bound if they voted in favor of a plan that is approved.

Article 102
Rights of Preferential Creditors

1. Preferential creditors will only be affected if the class of preferential creditors reaches the majority vote as envisaged in Article 108 or if the Bankruptcy Court so states in accordance with Article 112.
2. Notwithstanding the mandatory effect envisaged in paragraph 1 of this Article, preferential creditors will be bound if they expressly consent to the measures envisaged in the content of the reorganization plan.

Article 103
The rights of subordinated creditors

Unless otherwise provided for in the plan, the claims of subordinated creditors shall be considered as excluded for voting purposes. In case the plan includes a write down of the claims of preferential or unsecured creditors, subordinated claims will be deemed fully written off. If the plan only foresees a postponement of the full payment of preferential and unsecured claims, subordinated claims will be satisfied, in the manner envisaged in the plan, after full satisfaction of preferential and unsecured claims.

CHAPTER II
APPROVAL OF THE PLAN OF REORGANIZATION

Article 104
Assembly to discuss and vote on the plan

1. The date of the discussion and voting assembly will be set by the bankruptcy court in accordance with Article 93 in the assembly that adopted the decision to reorganize the debtor.
2. The discussion and voting assembly will take place in the venue, date and time set in the convening decision of the Bankruptcy Court.
3. The discussion and voting assembly will be chaired by the Bankruptcy Court, unless she delegates on the bankruptcy or monitoring administrator. If the Court chairs the assembly, the bankruptcy or monitoring administrator shall act as secretary. If the administrator chairs, he shall appoint a secretary.
4. The chair of the assembly may extend the meeting for one or more days when necessary.
5. The meeting shall be deemed validly constituted when the attending or represented creditors add to at least 50% of the total amount of claims. Alternatively, the meeting shall be also deemed to be

validly constituted when creditors holding or representing 50% of the total claims minus secured and subordinated claims are present.

6. The party that submits the reorganization plan shall do so at least one month before the assembly.

7. If nobody presents a reorganization plan in time, the Court shall automatically open liquidation proceedings, unless the bankruptcy or monitoring administrator had been commissioned to present one, in which case the Court shall summon the administrator to hear the reasons for the delay and either provide an additional time for submission of no more than 5 days or replace the administrator. In the latter case, the new administrator will have 10 days to present a proposal.

8. The administrator who unjustifiably delays the presentation of a proposal may be subject to administrative sanctions.

Article 105
Attendants to the Discussion and Voting Assembly

1. Only creditors duly recognized and included in the list of creditors may attend the discussion and voting assembly. The bankruptcy or monitoring administrator shall prepare a list of the creditors having voting rights at the assembly.

2. Creditors may attend personally or by duly appointed representative. The representative does not need to be a creditor. The debtor or persons related to the debtor may not be representatives. The declaration of representation may be done orally in Court before the secretary of the Court or by public document before a public Notary.

3. The secretary of the assembly will form a list of attendants, including those present and represented. This list will be annexed to the minutes of the assembly following the adoption of the decisions.

Article 106
Celebration of the Discussion and Voting Assembly

1. The session shall be declared commenced by the Chair, who will be in charge of conducting the deliberations and be competent to provide for the solution of doubts and decide on the issues raised by the attendants, if any.

2. Each proposal of a plan of reorganization will be publicly explained by its proponent. At least 2 attendants shall be given the word in support and against the proposal, if there are petitions in this regard. The Chair shall have the right to request any clarifications that he considers necessary for the adequate information of the attending creditors.

3. The first proposal to be debated and voted will be the debtor's proposal, if there is one. The next proposal will be the one drafted by the monitoring or bankruptcy administrator. The successive proposals to be considered will be those submitted by creditors, starting with the one that was presented by a higher amount of claims. If one proposal is approved, the following will not be considered.

Article 107
Modification of the plan

The submitting party shall be entitled to modify the contents of the plan in accordance with the events at the discussion meeting. The amended plan may be voted on at the same meeting if the proposed amendments are not substantial. If the amendments are substantial, the vote will need to take place in a subsequent discussion and voting assembly to take place within the following 15 days and if these amendments affect:

a) main aspects of the continuation of the business;

b) the amounts of claims to be written down in more than 5%;
c) rescheduling in more than additional 1 year; or,
d) any other content that the Chair considers of relevance.,

Article 108
Required majority

1. As a general rule, acceptance of the plan by the creditors shall require that, in each class, a majority in value of claims present or represented by proxy vote in favour of the plan.
2. If the plan envisages the write down of more than 50% of the claims or a rescheduling of more than 5 years, the affected class will need to approve with at least 65% of the claims.
3. If the plan envisages that one group of creditors within the same class will be treated differently, those prejudiced by the especial treatment shall need to accept in a separate vote by majority.

Article 109
Debtor's consent

1. The debtor's consent to the plan shall be deemed to have been given if he does not object to the plan by the date of the voting meeting.
2. In case of legal entities, any objection by the debtor shall be deemed to be invalid if:
   a) the debtor, according to plan, is likely not to be placed in a worse situation compared to his situation in liquidation; and
   b) no creditor receives an economic value exceeding the full amount of his claim.
3. The consent of the debtor which is a legal person must be given in the manner required by the laws governing that legal person and in accordance with any applicable constituent documents.

Article 110
Opposition to the Reorganization Plan

1. After approval of the plan in accordance with the requirements and majorities envisaged in this Law, the secretary of the assembly will draft the minutes, including a summary of the discussion and public interventions of the attendees to the discussion and voting assembly, the proposal accepted and all the information concerning the votes received, with express mention of the identity and classification of voters by class. These minutes, with the final version of the approved plan and the list of attendees and claims represented shall be deposited in the Bankruptcy Court.
2. The parties will be granted access to the minutes and the documents annexed to it in accordance with the previous paragraph. The debtor, the monitoring or bankruptcy administrator, creditors who voted against the plan or creditors that did not attend the assembly may file an opposition against the final approval of the plan in a period of 10 days from the deposit at the Court.
3. The opposition may only be based on the breach of articles of this law concerning the content of the plan, the formation of majorities, or any of the formal procedural requirements set forth in in this law for the celebration of the assembly.
4. The plan can also be opposed based on its objective lack of viability by the debtor, the bankruptcy or monitoring administrator or creditors holding at least 15% of the claims.
5. The opposition must be made in written form, and be presented in the Court within the period stated in this article together with all documents and items of proof.
6. The Bankruptcy Court will notify the debtor, the bankruptcy or monitoring administrator and

creditors that participated in the assembly of the opposition, conferring upon them a period of 10 days for allegations. In case the opposition is based on the objective lack of viability of the plan, the bankruptcy or monitoring administrator and, if it is formed, the creditors' committee shall be heard by Court. If necessary, the Court may exceptionally appoint an expert to decide on the objective viability of the plan.

7. The Bankruptcy Court will decide on the opposition to the plan within a period of 10 days from the end of the period of allegations foreseen in the previous paragraph.

Article 111
Automatic approval of the plan by the bankruptcy court

If during the period of 10 days regulated in the previous article no opposition is filed, the Bankruptcy Court will declare the plan approved without further action.

Article 112
Special Rule on the Approval of Reorganization Plan

1. When, in the discussing and voting plan assembly, a class has not reached the necessary majorities envisaged in Article 108, the plan may nevertheless be deemed approved if the following requirements are met:
   a) creditors in the said class would not be worse off with the full execution of the plan than they would be in case of liquidation of the debtor;
   b) the members of the class are not unfairly discriminated with respect to the members of other classes within the same tier;
   c) no member of any other class receives a higher compensation than the amount of its claims.
2. The decision of the Bankruptcy Court in this regard will be issued in the decision that solves the opposition to the plan, following a specific request by the opposing actors.

Article 113
Announcement of Approval of the Reorganization Plan by the Bankruptcy Court

1. The order of the bankruptcy court approving or rejecting the plan of reorganization shall be made public as soon as possible, and no later than 3 days.
2. If the plan is approved, a copy of the plan, a summary of its essential contents and the fact of its approval shall be communicated to bankruptcy creditors, creditors of the bankruptcy proceedings and shareholders and other equity holders of the debtor.

Article 114
Appeal

1. The creditors who objected to the plan filing an opposition and the debtor may file an appeal against the decision to approve or reject the plan.
2. The appeal will have to be filed in writing within 10 days from the moment of public notice of the Bankruptcy Court's decision on the opposition procedure.
3. Unless otherwise stated by the court of appeals based on exceptional reasons, the appeal will not suspend the efficacy of the reorganization plan.

CHAPTER III
EFFECTS OF THE APPROVED PLAN. MONITORING OF THE PLAN IMPLEMENTATION

Article 115
General effects of the plan

1. As soon as the bankruptcy court issues the decision for the approval of the plan of reorganization, the content of the plan is binding on all creditors in accordance with its terms and the provisions of this Law.

2. The plan shall not affect the rights of the bankruptcy creditors against the co-debtors or debtor's guarantors, or the rights of such creditors to assets not forming part of the bankruptcy estate or deriving from a security right covering such assets. The debtor, however, shall be discharged of the obligations to his co-debtors, guarantors or other parties claiming against himself in the same way as he is discharged with respect to his obligations to the bankruptcy creditors.

Article 116
Rights on movable assets

1. When rights on movable assets are established, set or revoked in the plan, or if stock or shares of limited liability entities are transferred, the consent of the parties shall be deemed to have been submitted in the form required by the law.

2. If the membership, share, stock or rights of a person in the debtor are affected by the plan, any agreement of the partners or shareholders of the debtor, and any consents required from those parties shall be deemed to have been made in the form required by law. The bankruptcy or monitoring administrator shall be responsible for filing any necessary documents in this regard in the national commercial register.

Article 117
Effects of verification of the plan by the court

1. Upon the publication of the bankruptcy court's approval of plan, the duties of the bankruptcy or monitoring administrator are complete. If the plan so decides, the monitoring administrator will remain in office to oversee the implementation of the plan, and with the powers and duties that the plan expressly envisages. In everything not provided for in the plan, the provisions of this chapter shall apply.

2. The debtor, subject to the terms of the plan of reorganization and unless otherwise stated, reacquires the right to dispose of the bankruptcy estate and the right of representation in relation to third parties and the court.

3. In case limitations to the ability to manage and dispose of the assets continue or new ones are added, the said limitations will need to be registered in the public registries.

Article 118
Protection against execution

1. With the publication of the bankruptcy court's decision on the approval of the plan, all requests for execution based on pre-bankruptcy claims against the debtor shall be stayed for the duration of the period provided for in the plan for its implementation or terminated if the plan indicates so.

2. The bankruptcy court may, exceptionally, at the request of the executing party, and after hearing from the monitoring administrator, allow certain executions which will not prevent implementation of the plan.

Article 119
Monitoring of the plan implementation and monitoring expenses

1. Unless stated otherwise, the monitoring administrator shall draft an annual report on the progress of the implementation of the plan and deposit it in court for consultation of creditors.
2. If there is no monitoring administrator, the duty will fall on the debtor.
3. Creditors and the bankruptcy court shall be entitled to request, at any time, additional information on the status of the plan.

Article 120
Breach of the Reorganization Plan

1. If the monitoring administrator finds that claims are not paid or cannot be paid, or any other breach has happened, he shall immediately inform the court and request a declaration on the breach.
2. Any creditor who is aware of a material breach of the terms of the plan may file in court a declaration of non-compliance with the plan. For the purpose of this rule, non-payment of one installment envisaged in the plan shall be deemed a material breach.
3. The Bankruptcy Court will notify the debtor, who will be given 5 days to make allegations.
4. The ascertainment by the Court of the existence of a breach will entail the opening of liquidation proceedings.
5. This decision is subject to special appeal.

Article 121
End of Implementation of the Reorganization Plan

1. The monitoring administrator or the debtor shall inform the court of the full performance of the reorganization plan by submitting a certification or a receipt on the fulfillment of all agreed clauses in the organization plan.
2. The debtor the monitoring administrator will provide proof of complete fulfillment of all the conditions agreed in the plan of reorganization. The decision of the bankruptcy court in this regards shall be publicly announced.
3. Any interested party will have 10 days from the publication to oppose in written form, providing proof of non-compliance.
4. If there is opposition, the Court will hear the debtor and the monitoring administrator and adopt a decision within 5 days. The decision will either confirm full implementation or open liquidation proceedings.

CHAPTER IV
EXPEDITED REORGANIZATION

Article 122
Aim of the Expedited Reorganization

The purpose of this chapter is to provide the debtor with the possibility to overcome a situation of imminent insolvency by means of an agreement between the debtor and its creditors designed out of court and approved by the bankruptcy court through a speedy procedure.

Article 123
Commencement of the Expedited Reorganization

1. The debtor that finds itself in a situation of imminent insolvency may file for the commencement of expedited reorganization proceeding in accordance with the articles included in this chapter.
2. A debtor is deemed to be in a situation of imminent insolvency when it is objectively foreseeable that he will not be able to satisfy its debts in a period of 6 months or less.
3. The debtor will file the petition including the following:
   a) all documents listed in Article 14.1. a to g of this law, adapted to the situation of imminent insolvency
   b) a proposal of Reorganization Plan, with the mandatory inclusion of the content described in Article 98.
   c) the written support, recorded in a notarized document, of 30% or more of the total amount of claims as envisaged in the financial accounting records of the debtor.
4. The petition must be filed where the debtor has the center of main interests.

Article 124
The Decision to Commence Expedited Reorganization Proceedings

1. The Court will review if the petition complies with the requirements set forth in Article 123 and, if following a general review of the documents, there is justified appearance of the debtor´s imminent insolvency, it will declare the opening of the expedited reorganization procedure without further action.
2. The declaration of commencement of expedited reorganization proceedings will include the following:
   a) the identification of the debtor as envisaged in Article 29 of this law.
   b) the appointment of a monitoring administrator, with the identification envisaged in Article 29 as well as an address for communications with creditors and other actions regulated in this chapter.
   c) the request to any person claiming to be a creditor of the debtor to submit their claim in a period of 30 days from the date of publication of the decision in the National Registration Center and the Official Gazette to the address provided by the monitoring administrator.
   d) a warning to creditors that they will only have 7 days to challenge the list of creditors from its deposit in the Court.
   e) the indication that an expedited reorganization plan has been proposed, that it is available for review by creditors.
   f) the indication that, from the moment of publication of the decision, creditors may express their support for the plan proposed.
   g) the convening of an assembly of creditors for a date that cannot be later than 45 days from the moment of publication of the decision.
3. The decision to commence expedited reorganization proceedings may be subject to appeal, within 10 days from the publication. The appeal will not suspend the continuation of the proceedings

unless it is so established by the upper court based on exceptional circumstances.

Article 125
Effects of the Expedited Reorganization on the Debtor

1. The commencement of expedited reorganization proceedings will not affect the ability of the debtor to manage and dispose of its assets in the ordinary course of business.
2. Any act of extraordinary administration or any transaction outside the ordinary business activity or, within but at abnormal conditions, will need to be approved by the monitoring administrator.

Article 126
Effects of the Expedited Reorganization on Creditors and Contracts

1. The commencement of reorganization proceedings will stay all executions over the assets of the debtor that are necessary for the continuation of the business activity. New actions and executive proceedings may be started, but no property of the debtor may be attached or foreclosed upon during the proceedings.
2. The commencement of reorganization proceedings will not suspend the accrual of interests.
3. Executory contracts will not be affected by the commencement of expedited reorganization proceedings.

Article 127
Access to the Expedited Reorganization Plan

1. Creditors may access the content of the reorganization plan at the address provided by the monitoring administrator.
2. The monitoring administrator shall only grant access to the expedited reorganization plan when there is objective appearance that the person requesting access has a valid claim against the debtor. In any case, any person that is provided with the plan will present an identification document and will be asked to sign a confidentiality agreement.

Article 128
Report on the Reorganization Plan

1. Within a period of 15 days from taking office, the monitoring administrator will draft and deposit in the Bankruptcy Court an interim report on the content of the expedited reorganization plan.
2. The report will include an initial assessment of the causes that led to the financial difficulties of the debtor as well as an opinion of the viability of the business in case the plan is approved.
3. A final report on the reorganization plan will be finalized and deposited at the Bankruptcy Court at least one week before the holding of the assembly of creditors convened to decide on the reorganization plan.
4. In order to draft the report, the monitoring administrator may request from the debtor any information and clarification as he thinks fit. The administrator may request information from the creditors that initially supported the plan.
5. If necessary, the monitoring administrator may request the court to appoint an expert. The request must be justified and identify the precise elements of analysis by the expert

Article 129
Expressions of Support for the Reorganization Plan

1. Creditors may, at any time from the commencement of the expedited reorganization proceedings and until 3 days before the holding of the assembly, formally adhere to the reorganization plan.
2. The support for the plan may be instrumented by declaration before a notary public or by written submission or oral declaration before the secretary of the Bankruptcy Court.

Article 130
The List of Creditors in the Expedited Reorganization Procedure

1. The general rules concerning the formation of the list of creditors will be applicable to the case of the expedited reorganization procedure so long as not expressly regulated in this article.
2. The monitoring administrator will have 5 days to complete the list of creditors counting from the last day to prove the claims. The list will be deposited in the Court and its deposit will be made public in the National Registration Center and through edicts at the Court.
3. From the publication of the decision to open expedited reorganization proceedings and during 15 days, any creditor may make allegations to the monitoring administrator concerning the claims that have supported the debtor´s proposal with the petition. The administrator may take into consideration the allegations in its monitoring of the veracity and validity of the said claims.
4. The debtor and his creditors will have 7 days to challenge the list of creditors. The challenge may refer to the inclusion or non-inclusion of a claim, to the amount or to the classification of the claim.
5. Challenges against the list of creditors will be solved following the general procedure of this law. In any case, these challenges will not suspend the expedited reorganization proceedings.

Article 131
The Assembly to Vote on the Expedited Reorganization Plan

1. In anything not envisaged in this article, the constitution and celebration of the assembly will be regulated in accordance with Article 104.
2. The assembly will be chaired by the Bankruptcy Court and the monitoring administrator will act as secretary. No delegations are possible in this case.
3. The list of creditors will serve as base for the list of attendants to the assembly to vote on the expedited reorganization plan. The monitoring administrator will reflect in the list those claims that have been challenged. As a general rule, challenged claims will be treated as contingent and will neither count for the formation of the quorum nor for voting purposes. However, the Bankruptcy Court shall allow the cautionary inclusion of the challenged claim at all effects when there are objective elements that generate the appearance of its validity. If the vote of the said claim proves to be decisive for the final result, the approval or rejection will be considered as interim and subject to the final decision on the challenge of the claim.
4. For the calculation of the quorum, the monitoring administrator will include the claims that have supported the reorganization plan in the debtor´s petition and all other claims that have adhered to the plan thereafter.
5. The formation of classes and the calculation of majorities for the approval of the expedited reorganization plan will be the same as those foreseen for the reorganization plan.
6. Unless they attend the assembly and exercise a different vote, the creditors mentioned in paragraph 4 of this article will be deemed to have voted in favor of the plan.

Article 132
The Approval of the Expedited Reorganization Plan

1. Chapter II of this Part applies to the decision to approve the expedited reorganization plan.
2. In the case of challenge of a claim as regulated in the third paragraph of the previous article, the challenger will not need to file an opposition to the plan based exclusively on the breach of the relevant majorities.

Article 133
Effects of Approval of an Expedited Reorganization Plan

As a general rule, the ability of the debtor to manage and dispose of his assets, the continuation of the monitoring administrator and any other regarding the implementation of the plan and its surveillance will be regulated by the content of the plan.

Article 134
Effects of the Rejection of the Expedited Reorganization Plan

1. If the expedited plan is not approved, the Bankruptcy Court will declare the opening of ordinary bankruptcy proceedings, unless the debtor proves that he is not insolvent and the situation of imminent insolvency has disappeared.
2. Unless there are objective reasons to the contrary, the monitoring administrator will continue in office.
3. During the new bankruptcy proceedings, the debtor will continue to conduct the ordinary operation of the business, subject to the limitations envisaged in Article 60 and Article 61. The Bankruptcy Court may remove the debtor from the administration of the business if it appreciates that the circumstances so advice. This may happen *ex office* or following a petition by monitoring administrator or creditors.
4. The general rules concerning the effects on claims and contracts will apply.

PART SIX

LIQUIDATION AND DISTRIBUTION

CHAPTER I
LIQUIDATION AND DISTRIBUTION

GENERAL RULES ON LIQUIDATION

Article 135
The Opening of Liquidation

1. The debtor may request the opening of the liquidation at any time during bankruptcy proceedings.
2. The debtor must file for the opening of the liquidation immediately after he realizes that the reorganization plan cannot be complied with. A breach of this duty will bear the same consequences as the breach to file for bankruptcy proceedings, as regulated in Article 15.
3. In the cases 1 and 2 above, the Bankruptcy Court will hear the bankruptcy or monitoring administrator and the creditors´ committee, if there is one, before adopting the decision.
4. In case the activity of the business is discontinued, the bankruptcy or monitoring administrator may request the opening of the liquidation. Before adopting the decision, the debtor shall be heard by the Bankruptcy Court.

Article 136
Effects of the Opening of Liquidation

1. The commencement of the liquidation will necessarily imply the removal of the debtor´s ability to administer and dispose of its assets and the appointment of a bankruptcy administrator. If the Court so decides, the bankruptcy administrator will be the person previously appointed as monitoring administrator.
2. All debts and obligations subject to a term will be deemed automatically accelerated.

Article 137
General Rules on the Operations to Liquidate the Estate

1. To the extent possible, the business will be transferred as a going concern, in whole or in separate business units.
2. In case of transmission of the business or of business units, the contracts to what the debtor is a party will also be transferred with the business, without the need for the consent of the counterparty to the contract. The transfer of licenses, and administrative permits will also take place without further action or consent, so long as a law does not state otherwise.
3. In case of piece-meal liquidation, the sale of the assets will be conducted in an auction in accordance with the relevant provisions of the Civil Procedure Code of Albania.
4. The transmission of specific assets to one or more creditors as payment may be done with the authorization of the Bankruptcy Court.
5. In any case, the acquisition of the business, of business units or of individual assets by persons

related with the debtor will need the authorization of the Bankruptcy Court.

Article 138
Liquidation Plan

1. The liquidation of the bankruptcy estate will be carried out in accordance with a liquidation plan.
2. The plan will be drafted by the bankruptcy administrator within 20 days from the day of the assembly that decides on the liquidation of the debtor.
3. The plan will be available for consultation at the bankruptcy court. The debtor, its creditors and employees of the debtor may file comments and objections to the plan within 15 days from its deposit in the Court.
4. The bankruptcy administrator may take into consideration the comments and objections and reformulate the plan within 5 days, totally or partially, or he may leave it unchanged. The Bankruptcy Court will decide on the final content of the plan within 5 days following the final submission of the plan.

Article 139
Payment of the bankruptcy creditors

1. The payment of the bankruptcy creditors may be initiated only after the list of creditors is final and the assembly has decided the liquidation of the debtor.
2. Exceptionally, the bankruptcy administrator may set up a reserve fund in an amount sufficient to pay certain claims subject to inclusion in the final list of creditors at the time of any proposed distribution.
3. Funds may be distributed among the bankruptcy creditors once sufficient funds are available. Distributions shall be carried out by the bankruptcy administrator according to the order of priorities provided in this Law.
4. Prior to each distribution, the bankruptcy administrator shall obtain the consent of the bankruptcy court.

Article 140
Time for the Execution of the Plan

1. The liquidation plan will be executed within 3 months from the commencement of the liquidation following the decision of the assembly.
2. Exceptionally, the Bankruptcy Court may extend the process for 3 additional months if the bankruptcy administrator provides sufficient objective explanation.
3. Every 2 months, the bankruptcy administrator will draft and make available to the parties a report on the evolution of the liquidation.
4. A failure to comply with the times and obligations set in paragraphs 1 to 3 of this article will imply the loss of the bankruptcy administrator´s fees and the need to return the fees perceived, unless the Bankruptcy Court finds the measure unfair or inequitable, in which case the loss of the fee may be partial depending on the circumstances.

CHAPTER II
SECURED CREDITORS' SATISFACTION

Article 141
The right to dispose of the asset

1. The bankruptcy administrator or the debtor with the authorization of the monitoring administrator has the right to dispose of any property which is subject to a security right, if the value of the collateral is greater than the amount owed to the secured creditor together with the expenses incurred in its execution.

2. If the value of the collateral is lower than or equal to the aggregate of the value of the loan claimed by the secured creditor and the costs incurred in its execution, the bankruptcy administrator or the monitoring administrator, as the case may be, shall decide whether to allow the secured creditor to exercise the right to separate the object according to this Law.

3. Before the bankruptcy administrator sells an asset in his possession to a third party, he shall notify the secured creditor of the proposed sale. Such secured creditor shall be given a minimum period of one week before the date of the sale to propose a more favorable alternative means of selling the asset. This alternative may be the sale of the asset by the creditor.

4. Subject to paragraphs 1 and 2 above, following the 6 month period of stay envisaged in Article 69, the secured creditor may start or continue the execution of the security. In this case, or from the onset in case the collateral is not necessary for the continuation of the business or professional activity, the secured creditor may request the execution of the security. If the administrator does not start the execution within 15 days of the request, the Bankruptcy Court may remove the administrator or impose a sanction on him.

5. When, following the 6 month period of stay of executions envisaged in Article 69 the secured creditor starts or continues the execution of the security, the bankruptcy or monitoring administrator that foresees the possibility of a sale as a going concern that requires the asset subject to the security right may retain the asset in the estate. In such case, the administrator will pay the secured creditor the estimate amount of the asset in the inventory minus the foreseeable costs of execution.

Article 142
Protection of the secured creditor from delayed sale

1. If the bankruptcy court issued a provisional measure according to Article 22 to prohibit any secured creditor from selling an asset prior to the commencement of the bankruptcy proceeding, any interest accrued on the amount of the debt owed to that creditor from the date of the petition shall be paid to the creditor not less than three months after the commencement of the bankruptcy proceeding.. This provision shall not apply if the amount of the creditor's claim and the value and any other obligations pursuant to which the asset is charged, cannot be covered by the proceeds obtained from the sale for the satisfaction of the creditors.

2. At any time during the three-month period, the court should lift the restrictions and order other security measures if the secured creditor proves that the value of the collateral is not being adequately protected.

Article 143
Distribution of proceeds

1. When an asset subject to a security right is sold free of the said security right, the proceeds of sale minus the costs incurred in selling the asset shall be used without delay to satisfy the secured creditor.

2. If the bankruptcy administrator transfers to the secured creditor an asset which the administrator has the right to sell under Article 141 of this Law, with the intent that the asset will be sold by the secured creditor, the secured creditor shall prepay to the bankruptcy administrator the estimated costs of sale as well as the taxes, if any, to be paid from the proceeds of sale of the asset.

CHAPTER III
ORDER OF CLAIMS IN LIQUIDATION AND DISTRIBUTION

Article 144
Order of Priorities in a Distribution

1. After the fulfillment of the obligations in accordance with this Law, in all cases of liquidation the process will continue with the satisfaction of the claims of the creditors in the following order:
   a) secured claims secured up to the value of the property that serves as collateral.
   b) claims of preferential creditors, pursuant to Article 38 of this law.
   c) claims of unsecured creditors.
   d) claims of subordinated creditors, pursuant to Article 40.
   e) claims of the partners, shareholders, founders and members of the debtor in their capacity as such.
2. The payment of creditors of the Bankruptcy Proceedings will be taking place as the claims fall due. Payment of bankruptcy Creditors will be made taking into consideration the need to pay first the creditors of Bankruptcy Proceedings. In case of doubt, the bankruptcy administrator will set aside an amount before commencing the payment of the creditors included in the previous section of this article.

Article 145
Absolute priority rule

1. Claims shall be paid according to the order of priority in the previous article of this Law.
2. Payment of the claims of creditors of a lower tier may be made only after payment in full of the claims of all creditors of a higher tier.
3. Within each tier, payments of each subtier will only be made once the higher subtier has been fully made.
4. Where resources are insufficient to fully satisfy all claims of a given subtier, the claims of that tier shall be satisfied on a pro rata basis.

Article 146
The Distribution List

Prior to any distribution the bankruptcy administrator shall prepare a list of the claims, and of their amounts, to be considered for distribution, as well as the amount available for distribution from the bankruptcy estate. The list shall indicate how much it will be distributed to each creditor. This list shall be deposited in the registry of the bankruptcy court for the parties' inspection.

Article 147
Funds retained for the satisfaction of secured creditors

1. The secured creditor shall be treated as an unsecured creditor for any part of its secured claim which is not satisfied by the proceeds resulting from the enforcement of its security rights. If the secured creditor renounces its security right, it will be treated as an unsecured creditor.
2. If, at the time of the first distribution, only the bankruptcy administrator is entitled to dispose of an asset subject to a security right, and the administrator has not yet disposed of the asset, the bankruptcy administrator shall estimate the extent of the loss to the secured creditor, if any, and retain the funds sufficient to cover such a claim.

Article 148
Funds retained for satisfaction of contingent claims

1. Claims subject to a condition or litigious claims shall be taken into account for the total value during the first distribution. The funds covering such claim shall not be paid during the distribution and shall be retained.
2. Claims subject to a condition shall not be taken into account during final distribution if the possibility of accomplishment of the condition or the resolution of the litis is so distant or so unlikely that the claim is valueless on the date of distribution. In such a case the funds retained in accordance with (1) above shall be distributed during the final distribution if the condition is realized.

Article 149
Objections to the distribution list

1. Bankruptcy creditors can object to the distribution list only in case the list is in violation of the law.
2. Bankruptcy creditors must file objections to the distribution list with the bankruptcy court at least one week before the first distribution begins. Every decision to overrule an objection shall be provided to the creditor and the bankruptcy administrator.
3. Any decision ordering a change to the distribution list shall be served on the creditor and the administrator and deposited with the registry of the bankruptcy court for the parties' inspection.

Article 150
Determination of the claim's shares

The bankruptcy administrator, in consultation with the creditors' committee, shall determine the share of creditors' claims to be paid on the first and any subsequent distribution.

Article 151
Final Distribution

1. Final distribution shall take place with the approval of the bankruptcy court as soon as the bankruptcy estate has been sold.
2. The bankruptcy administrator shall submit her accounts following final distribution in the manner established in Article 49.

Article 152
Surplus after final distribution

1. If the claims of all bankruptcy creditors are paid in full as a consequence of the final distribution,

the bankruptcy administrator shall transfer any remaining surplus to the debtor.

2. If the debtor is not a natural person, the bankruptcy administrator shall divide the remaining share amongst any person who holds shares of the debtor's capital, unless, in accordance with the applicable company law, the shareholders or members adopt the decision to reactivate the company.

CHAPTER IV
THE TERMINATION OF BANKRUPTCY PROCEEDINGS

Article 153
Termination of the bankruptcy proceeding

1. After the final distribution has been completed, the bankruptcy court shall order the termination of the bankruptcy proceeding.
2. Full payment to all bankruptcy creditors at any stage of the proceeding is also a cause for termination of the proceeding.
3. Such order and the reason for termination shall be publicly announced.
4. In case of legal entities, and unless all creditors have been fully satisfied, full distribution of proceeds following the liquidation of the estate will entail the extinction of the legal entity. In this regard, the bankruptcy administrator shall send the Bankruptcy Court’s order to the relevant registries in order to strike the debtor off the said registries.
5. In case of natural persons, the provisions in Part VII of this law shall be applicable.

Article 154
The reopening of Bankruptcy Proceedings

1. If, anytime within one year from the termination of bankruptcy proceedings, new assets belonging to the debtor are discovered or possible claims to the avoidance of actions or the liability of directors or members are identified, any creditor may request the reopening of the bankruptcy case.
2. The former may take place notwithstanding the extinction and cancellation of the debtor from the companies’ registry. The company will need to be revived to the sole effect of the reopening of the proceedings.
3. The Bankruptcy Court will only decide the reopening of the case when the assets or causes of action identified are or may be objectively sufficient to cover for the cost of proceedings and provide an additional payment of at least 5% to the higher tier of creditors.
4. The reopened proceedings will only be liquidation proceedings. Its only aim will be to obtain the assets or exercise the actions, liquidate them and distribute the proceeds among the creditors.
5. Unless there are objective reasons to the contrary, the Bankruptcy Court shall appoint the same bankruptcy administrator, who will draft a new list of distribution based on the last distribution list.

PART SEVEN

DISCHARGE OF RESIDUAL OBLIGATIONS OF INDIVIDUAL CREDITORS

CHAPTER I

Article 155
Principle

If the debtor is a natural person, he may be discharged of his residual obligations toward bankruptcy creditors, in accordance with the provisions of this Chapter.

Article 156
Debtor's request on discharge of residual obligations

1. The discharge of residual obligations is initiated by written request of the debtor, which shall be filed at the bankruptcy court at any time during liquidation proceedings. The petition may also be attached to the request to commence the bankruptcy proceeding.
2. The request for discharge with the petition to open bankruptcy proceedings will imply the simultaneous petition for the liquidation of the estate. In this case, the bankruptcy administrator will compile the list of creditors, draft the inventory and the report as stated in this law. Once completed, or, if convenient for the liquidation, at any time before with the approval of the Court, the liquidation of the assets and allocation of the proceedings will be conducted in accordance with the provisions in the previous paragraph.
3. The request to be discharged shall be accompanied by a statement certifying the debtor's willingness to pass any amounts beyond the living allowance to a custodian to be appointed by the court upon proposal of the debtor. If the debtor had already assigned such rights to a third party, he shall indicate same in his statement.
4. Any agreements that would exclude, condition, or otherwise restrict the debtor from obtaining the above payments shall be invalid.

Article 157
Bankruptcy court decision on discharge of residual obligations

1. Prior to making the decision to discharge the residual obligations, the bankruptcy court shall open a period of 20 days for creditors to submit any allegations and oppose to the discharge. The Bankruptcy administrator shall also make allegations on the discharge, including a proposal that the discharge be rejected if the requirements are not met. .
2. If there are no grounds for refusing such a request, the bankruptcy court shall approve the discharge of residual obligations. Any creditor or the bankruptcy administrator who has not accepted the discharge of residual obligations in the final assembly may submit a special appeal of such decision.
3. At the same time, the bankruptcy court will appoint the custodian to whom is transferred the surplus income of the debtor, as per the statement of the debtor. The bankruptcy administrator may be appointed as custodian if the Bankruptcy Court so determines.
4. The decision on discharge of residual obligations shall be announced publicly.

Article 158
Refusal to discharge residual obligations

1. The bankruptcy court shall refuse to discharge the residual obligations when:
   a) the debtor has been convicted of a criminal offence by a final order under the provisions of the Criminal Code;
   b) the debtor, in the three years leading up to the request for the commencement of the bankruptcy proceeding or subsequent to this request, either intentionally or by negligence has given a written false or incomplete statement relating to his financial condition in order to obtain a loan, for grants from public funds or to avoid making payments in favor of public funds;
   c) the debtor has been discharged of residual obligations in last ten years leading up to the request and such discharge has been revoked;
   d) the debtor, in the year leading up to the request for discharge of residual obligations, or subsequent to this request, intentionally or by negligence has impaired the repayment of the bankruptcy creditors, thus creating unnecessary obligations by misusing the assets or by delaying the commencement of the bankruptcy proceeding or the opportunities to improve his financial situation;
   e) the debtor, intentionally or by negligence has infringed his obligations to disclose or cooperate during the bankruptcy proceeding; or
   f) the debtor has, intentionally or by negligence, made false or incomplete statements in preparing the lists required to be presented on his assets and income, his creditors and the claims against him.
2. A creditor's request for refusal of the discharge shall be allowed only if a reason why a discharge of residual obligations should be refused is shown to the satisfaction of the court.

Article 159
Legal status of custodian

1. The custodian has the duty to disclose his status to the debtor’s debtor or any other person obliged to make the payment to the debtor. The custodian must keep all amounts received in the course of his duties together with other payments carried out by the debtor or third parties in a separate account and distribute those funds annually to the bankruptcy creditors as directed by the final list.
2. The custodian is appointed for a period of five years following the decision of the bankruptcy court to discharge the residual obligations of the debtor, unless the bankruptcy court otherwise decides.
3. The Bankruptcy Court, at the petition of the bankruptcy administrator or of bankruptcy creditors, may also charge the custodian with monitoring the debtor’s fulfillment of his obligations. In such a case, if the custodian becomes aware of a violation of such obligations, he shall immediately inform the creditors and the court. The custodian shall be obliged to carry out monitoring only if payment in this regard is received.
4. The Custodian shall report to the bankruptcy court upon completion of his duties.

Article 160
Custodian remuneration

1. The custodian shall be entitled to remuneration for performing his duties and to reimbursement of appropriate expenses. Such remuneration shall take into account the time and scope of the custodian's activity.
2. The criteria and the remuneration calculation for the custodian are determined by the Decision of the Council of Ministers.

Article 161
Equal treatment of creditors

1. Enforcement over the debtor's assets in favor of particular bankruptcy creditor cannot be carried out during the period the debtor has appointed the custodian.
2. Any agreement between the debtor and any other person, particularly bankruptcy creditors, that provide non-proportional benefits for the bankruptcy creditors shall be invalid.
3. The custodian can make the same claim against the debtor for that compensation.

Article 162
Obligations of the debtor

1. During the period of the appointment of the custodian, the debtor agrees to abide by following rules:
   a) to carry out adequate for profit activity or seek employment and, if unemployed not to refuse reasonable employment;
   b) to transfer to the custodian half the value of property acquired by him by way of succession or with respect to future rights resulting from an inheritance;
   c) to inform the custodian without delay of any change of domicile or place of employment, to not hide income or other assets and to inform the bankruptcy court and the custodian, at their request, on any income from employment or efforts made to find employment as well as any income derived from his assets; and
   d) to make payments to bankruptcy creditors only through the custodian, and not to provide a creditor with an advantage.
2. If the debtor is self-employed, he shall pay the bankruptcy creditors through the custodian as if he was in a regular service contract.

Article 163
Revocation of the discharge of residual obligations due to violation of debtor's obligations

1. When the debtor, during the appointment of the custodian, violates one of his obligations and consequently prevents the satisfaction of bankruptcy creditors then, at the request of a bankruptcy creditor or the custodian, the bankruptcy court shall revoke the decision to discharge the residual obligations. This does not apply when the debtor acts unintentionally. The request of the creditor may be filed within one year from the time the creditor became aware of the violation but, in any event, not later than six years from the issue of the decision to discharge the obligations.
2. The debtor must provide information on his obligations to the Court and, when required by the creditor to ensure the authenticity of the information, must give a notarized declaration. If the debtor fails to provide the information or the notarized declaration within the time allowed, without any reasonable excuse, or when the debtor fails to appear in Court as summoned by the bankruptcy court for sharing the information or presenting the notarized declaration, even though the debtor has been duly notified and has no reasonable excuse, the bankruptcy court shall revoke the discharge of residual obligations.
3. If it is found that the debtor has intentionally violated any of his obligations and as a result has significantly damaged the bankruptcy creditors, the bankruptcy court shall revoke the discharge of residual obligations.
4. The requesting party and the debtor are entitled to a special appeal of the decision.
5. The decision of revocation of discharge of residual debt shall be published.

Article 164
Revocation of discharge of residual obligations due to criminal conviction or fraud of the debtor

1. The bankruptcy court may revoke the decision to discharge the residual obligations at the request of a bankruptcy creditor or the custodian when the debtor, in the period between the opening of bankruptcy proceedings and the completion of bankruptcy proceeding or during the custodian activity, has been convicted of an offense under the Criminal Code.
2. The bankruptcy court may revoke the discharge if any of the participating parties certify that such discharge has been obtained by means of fraud and submits a request within 1 year from the date of being aware of the fraud.
3. The request of a creditor is accepted when submitted within 1 year from the announcement of the final decision to discharge the residual obligation and it is verified that the conditions of (1) above exist and the creditor was not aware on them until the decision became final.
4. The debtor and the custodian shall be entitled to be heard prior to the decision. The requesting party and the debtor are entitled to special appeal of the decision. The decision rejecting the discharge of residual obligations is made public.
5. The provisions of Article 163 (1) of this Law, shall apply *mutatis mutandis*.

Article 165
Revocation due to default to pay the custodian's remuneration

1. At the custodian's request, the bankruptcy court may revoke the discharge of residual obligations if the amounts received by the custodian for the preceding year do not cover his remuneration and the custodian has requested payment in writing to the debtor within a period of not less than two weeks and the custodian has warned the debtor of the possibility that the debtor's discharge of residual debt may be revoked.
2. Submissions of the debtor shall be heard by the bankruptcy court prior to the decision being made. The court shall not revoke the discharge of residual obligations if the debtor, at the court's request, pays the outstanding amount, within two weeks, or if there are other good reasons for not revoking the discharge in the circumstances of any particular case.

Article 166
Early termination

If the decision to discharge the residual obligations is revoked, the appointment of the custodian, his duties and the limitation of the creditors' rights shall cease upon the announcement of the bankruptcy court decision.

Article 167
Decision on closure of bankruptcy proceeding

1. If the period of the appointment of the custodian has expired in accordance with no early termination due to revocation, the bankruptcy court can order that the bankruptcy proceeding be closed, after hearing submissions of the bankruptcy creditors, the custodian and the debtor.
2. At the request of a bankruptcy creditor or at the custodian's request the bankruptcy court shall refuse bankruptcy proceeding closure when there are unsatisfied conditions on the discharge of residual obligations.
3. The order shall be announced publicly. The debtor and each bankruptcy creditor who requested

refusal of the closure of the bankruptcy proceeding have the right to appeal.

Article 168
Effect of bankruptcy proceeding closure

1. If the bankruptcy proceeding closure is approved, the discharge is valid and binding on all bankruptcy creditors, including those creditors who have not filed claims.
2. The rights of the bankruptcy creditors against the debtor's debtors and guarantors, as well as their rights derived from a registered priority notice, or as secured creditors, shall remain unaffected. The debtor, however, shall be discharged with respect to any creditors, co-debtors, guarantors or any other persons having claims against him in the same way as he is discharged with respect to the claims of the bankruptcy creditors.

Article 169
Obligations that cannot be discharged

The grant of discharge of residual obligations shall not apply to:

a) loans made to the debtor to pay the costs of the bankruptcy proceeding;
b) obligations that have arisen as a result of fraud, false testimony or other bad faith conduct or willful misconduct of the debtor;
c) obligations with respect to financial support of children;
d) fines and administrative penalties;
e) student loans;
f) obligations arising from actions that have caused the injury or death of another person;
g) obligations not dischargeable by a previous bankruptcy proceeding; and
h) obligations with respect to properties transferred to persons related to the debtor.

PART EIGHT
BANKRUPTCY PROCEEDINGS IN RELATION TOFOREIGN STATES

CHAPTER I
GENERAL PROVISIONS

Article 170
The Scope of the international bankruptcy proceedings

The purpose of this Part is to provide effective mechanisms for dealing with cases of cross-border bankruptcy so as to promote the objectives of:

a) cooperation between the courts and other competent authorities of Albania and foreign States involved in cases of cross-border bankruptcy;
b) greater certainty for trade and investment;
c) fair and efficient administration of cross-border insolvencies that protects the interests of all creditors and other interested persons, including the debtor;
d) protection and maximization of the value of the debtor's assets; and
e) facilitation of the rescue of financially troubled businesses, thereby protecting investment and preserving employment.

Article 171
Application of the international bankruptcy proceeding

1. This Part applies where:
   a) Assistance is sought in Albania by a foreign court or a foreign representative in connection with a foreign proceeding; or
   b) Assistance is sought in a foreign State in connection with a proceeding under the Albanian bankruptcy law; or
   c) A foreign proceeding and a proceeding under Albanian bankruptcy law in respect of the same debtor are taking place concurrently; or
   d) Creditors or other interested persons in a foreign State have an interest in requesting the commencement of, or participating in, a proceeding under Albanian bankruptcy law.

2. These provisions apply to a proceeding concerning debtors operating in public or strategic sectors as referred to in Article 7, unless a different law states otherwise.

Article 172
International obligations of Albania under the bankruptcy law

To the extent that this Part conflicts with an obligation of Albania arising out of signed agreements to which it is a party with one or more other States, the requirements of the agreement shall prevail.

Article 173
The jurisdiction of the international bankruptcy

The recognition of foreign proceedings and cooperation with foreign courts and other competent bodies is under the competence of the Albanian bankruptcy court.

Article 174
Authorization of the Albanian bankruptcy administrator to act outside Albania

The bankruptcy administrator is authorized to act outside the state of Albania on behalf of a proceeding under the Albanian bankruptcy law, as permitted by the applicable foreign law.

Article 175
The rejection on inconsistencies with the public order

Nothing in this Law prevents the bankruptcy court from refusing to take an action governed by this Part if the action would be manifestly contrary to the principle of public order of Albania.

Article 176
Assistance for the foreign representative

Nothing in this Part limits the power of the bankruptcy court or of the Albanian bankruptcy or monitoring administrator to provide additional assistance to a foreign representative under Albania legislation.

Article 177
Interpretation

In the interpretation of this Part, regard is to be had to its international origin and to the need to promote uniformity in its application and the observance of good faith.

CHAPTER II
ACCESS OF FOREIGN REPRESENTATIVES AND CREDITORS TO THE BANKRUPTCY COURT

Article 178
Right of direct access

A foreign representative is entitled to apply directly to the bankruptcy court of Albania.

Article 179
Limited jurisdiction

The fact that an application pursuant to this Part is made to the bankruptcy court in Albania by a foreign representative does not subject the foreign representative or the foreign assets and affairs of the debtor to the jurisdiction of the courts of Albania for any purpose other than the application.

Article 180
The right of a foreign representative to initiate the bankruptcy proceeding

A foreign representative is entitled to apply to commence the bankruptcy proceeding only if the conditions under this Part are met.

Article 181
Participation of a foreign representative in the Albanian bankruptcy proceeding

Upon recognition of a foreign proceeding, the foreign representative is entitled to participate in the bankruptcy proceeding conducted in Albania concerning debts or assets in compliance with this Part.

Article 182
Access of foreign creditors to a proceeding under the Albanian bankruptcy law

1. Foreign creditors have the same rights as national creditors regarding the commencement of, and participation in, a bankruptcy proceeding in Albania under this Part.
2. The provisions of (1) above does not affect the ranking of claims in a bankruptcy proceeding under this Part, except that the claims of foreign creditors shall not be ranked lower than that of general unsecured claims solely because the holder of such a claim is a foreign creditor.

Article 183
Notification to foreign creditors of a bankruptcy proceeding under Albanian law

1. Whenever under Albanian bankruptcy law notification is to be given to creditors in Albania, such notification shall also be given to the known creditors that do not have addresses in Albania. The bankruptcy court may order that appropriate steps be taken with a view to notifying any creditor whose address is not yet known.
2. Such notification shall be made to the foreign creditors individually, unless the bankruptcy court considers that, under the circumstances, some other form of notification would be more appropriate. The notification to the known foreign creditors may be by advertisement in such foreign newspapers as the Albanian bankruptcy officeholder considers most appropriate for ensuring that the content of the notification comes to the notice of the known foreign creditors. No official letters are required.
3. The notification of commencement of the bankruptcy proceeding given to foreign creditors, shall:
   a) indicate a reasonable time period for filing claims and specify the place for their filing;
   b) indicate whether secured creditors need to file their secured claims; and
   c) contain any other information required to be included in such a notification to creditors pursuant to the law of Albania and the orders of the bankruptcy court.

CHAPTER III
RECOGNITION OF A FOREIGN BANKRUPTCY PROCEEDING AND RELIEF

Article 184
Application for recognition of a foreign proceeding

1. A foreign representative may apply to the bankruptcy court for recognition of the foreign proceeding in which the foreign representative has been appointed.
2. An application for recognition shall be accompanied by:
   a) a certified copy of the decision commencing the foreign proceeding and appointing the foreign representative; or
   b) a certificate from the foreign court affirming the existence of the foreign proceeding and of

the appointment of the foreign representative; or
   c) in the absence of evidence referred to in subparagraphs (a) and (b), any other evidence acceptable to the bankruptcy court of the existence of the foreign proceeding and of the appointment of the foreign representative.

3. An application for recognition shall also be accompanied by a statement identifying all foreign proceedings and any proceedings under the Albanian bankruptcy law in respect of the debt or that are known to the foreign representative.

4. The bankruptcy court may require a translation to Albanian of documents supplied in support of the application for recognition.

Article 185
Presumptions concerning recognition

1. If the decision or certificate referred to in Article 193 (2) indicates that the foreign proceeding is a main bankruptcy proceeding and that the foreign representative is a person or body within the meaning of Article 3 (20) the court is entitled to so presume.

2. The court is entitled to presume that documents submitted in support of the application for recognition are authentic, whether or not they have been legalized.

3. In the absence of proof to the contrary, the debtor's registered office, or habitual residence in the case of an individual, is presumed to be the center of the debtor's main interests.

Article 186
Decision to recognize a foreign proceeding

1. Subject to Article 175, a foreign proceeding shall be recognized if:
   a) the foreign proceeding is a proceeding within the meaning of this Part;
   b) The foreign representative applying for recognition is a person or body within the meaning of Article 3 (20) of this Law;
   c) the application meets the requirements of Article 184 (2) of this Law; and
   d) the application has been submitted to the bankruptcy court referred to in Article 173 of this Law.

2. The foreign proceeding shall be recognized:
   a) as a foreign main proceeding if it is taking place in the State where the debtor has the center of its main interests; or
   b) as a foreign non-main proceeding if the debtor has an establishment within the meaning of Article 3 (21) of this Law in the foreign State.

3. An application for recognition of a foreign proceeding shall be decided upon at the earliest possible time, and in any case before 15 days from the petition.

4. The provisions of articles Article 184, Article 185, Article 186 and Article 187 do not prevent modification or termination of recognition if it is shown that the grounds for granting it were fully lacking or have ceased to exist.

Article 187
Subsequent information

From the time of filing the application for recognition of the foreign proceeding, the foreign representative shall inform the bankruptcy court promptly of:
   a) Any substantial change in the status of the recognized foreign proceeding or the status of the foreign representative's appointment; and

b) Any other foreign proceeding or proceeding regarding the same debt or that becomes known to the foreign representative.

Article 188
Relief that may be granted upon application for recognition of a foreign proceeding

1. From the time of filing an application for recognition until the application is decided upon, the court may, at the request of the foreign representative, where relief is urgently needed to protect the assets of the debtor or the interests of the creditors, grant relief of a provisional nature, including:
  a) Staying execution against the debtor's assets;
  b) Entrusting the administration or realization of all or part of the debtor's assets located in Albania to the foreign representative or any temporary bankruptcy administrator, in order to protect and preserve the value of assets that, by their nature or because of other circumstances;
  c) Any relief mentioned in Article 190(1) (d) and (g) of this Law.

2. Unless provided otherwise in Article 190, the relief granted under this Article terminates when the application for the proceeding recognition is decided upon.

3. The bankruptcy court may refuse to grant relief under this Article if such relief would interfere with the administration of a foreign main proceeding.

Article 189
Effects of recognition of a foreign main proceeding

1. Upon recognition of a foreign proceeding that is a foreign main proceeding:
  a) commencement or continuation of individual actions or individual proceedings concerning the debtor's assets, rights, obligations or liabilities is suspended;
  b) execution against the debtor's assets is suspended ; and
  c) the right to transfer, encumber or otherwise dispose of any assets of the debtor outside the ordinary course of business is suspended.

2. The scope, and the modification or termination, of the stay and suspension referred to in (1) above are subject to the bankruptcy court decision as provided by this Law or when the foreign main procedure does not properly guarantee the interests of the Albanian subjects.

3. The provisions of (1) (a) above do not affect the right to commence individual actions or proceedings to the extent necessary to preserve a claim against the debtor.

4. The provisions of (1) above do not affect the right to request the commencement of a proceeding or the right to file claim in such a proceeding.

Article 190
Relief that may be granted upon recognition of a foreign proceeding

1. Upon recognition of a foreign proceeding, whether main or non-main, where necessary to protect the assets of the debtor or the interests of the creditors, the bankruptcy court may, at the request of the foreign representative, grant any appropriate relief, including:
  a) Staying the commencement or continuation of individual actions or individual proceedings concerning the debtor's assets, rights, obligations or liabilities, to the extent they have not been stayed under Article 189 (1) (a) of this Law;
  b) Staying execution against the debtor's assets to the extent it has not been stayed under Article 189 (1) (b) of this Law;

c) Suspending the right to transfer, encumber or otherwise dispose of any assets of the debtor to the extent this right has not been suspended under Article 189 (1) (c) of this Law;

d) Providing for the examination of witnesses, the taking of evidence or the delivery of information concerning the debtor's assets, affairs, rights, obligations or liabilities;

e) Entrusting the administration or realization of all or part of the debtor's assets located in this State to the foreign representative or another person designated by the bankruptcy court;

f) Extending relief granted under Article 188 (1); and

g) Granting any additional relief that may be available to an Albanian bankruptcy administrator under this Law and imposing other prohibitions under this Law.

2. Upon recognition of a foreign proceeding, whether main or non-main, the court may, at the request of the foreign representative, entrust the distribution of all or part of the debtor's assets located in Albania to the foreign representative or another person designated by the bankruptcy court, provided that the bankruptcy court is satisfied that the interests of creditors in Albania are adequately protected.

3. In granting relief under this Article to a representative of a foreign non-main proceeding, the bankruptcy court must define that the relief relates to assets that, under this Law, should be administered in the foreign secondary proceeding or concerns information required in that proceeding.

Article 191
Protection of creditors and other interested persons

1. In granting or denying relief under Article 188 or Article 190, or in modifying or terminating relief under paragraph 3 of this Article, the court must be satisfied that the interests of the creditors and other interested persons, including the debtor, are adequately protected.

2. The court may subject relief granted under Article 188 and Article 190 to conditions it considers appropriate.

3. The court may, at the request of the foreign representative or a person, affected by relief granted under Article 188 and Article 190 of this law, or at its own duty, modify or terminate such relief.

Article 192
Actions to avoid damages to creditors

1. Upon recognition of a foreign proceeding, the foreign representative can take measures to avoid or otherwise void the acts damaging the creditors.

2. When the foreign proceeding is a foreign secondary proceeding, the court must define that the action relates to assets that, under the law of Albania, should be administered in the foreign secondary proceeding.

Article 193
Intervention by a foreign representative in bankruptcy proceedings in Albania

Upon recognition of a foreign proceeding under the Albanian law, the foreign representative may, intervene in any proceedings in which the debtor is a party.

CHAPTER IV
COOPERATION WITH FOREIGN COURTS AND FOREIGN REPRESENTATIVES

Article 194
Cooperation and direct communication between the bankruptcy court and foreign courts or foreign representatives

1. In matters referred to in Article 170, the bankruptcy court shall cooperate to the maximum extent possible with foreign courts or foreign representatives, either directly or through a bankruptcy administrator.
2. The court is entitled to communicate directly with, or to request information or assistance directly from, foreign courts or foreign representatives.

Article 195
Cooperation and direct communication between the bankruptcy or monitoring administrator and foreign courts or foreign representatives

1. In matters referred to in Article 170, the bankruptcy or monitoring administrator shall, in the exercise of its functions and subject to the supervision of the court, cooperate to the maximum extent possible with foreign courts or foreign representatives.
2. The bankruptcy or monitoring administrator is entitled, in the exercise of its functions and subject to the supervision of the bankruptcy court, to communicate directly with foreign courts or foreign representatives.

Article 196
Forms of cooperation

Cooperation referred to in articles Article 194 and Article 195 may be implemented by any appropriate means, including:

- *a)* appointment of a person or body to act at the direction of the bankruptcy court;
- *b)* communication of information by any means considered appropriate by the bankruptcy court;
- *c)* coordination of the administration and supervision of the debtor's assets and affairs;
- *d)* approval or implementation by courts of agreements concerning the coordination of proceedings;
- *e)* coordination of concurrent proceedings regarding the same debtor;

CHAPTER V
CONCURRENT PROCEEDINGS

Article 197
Commencement of the bankruptcy proceeding after recognition of a foreign main proceeding

1. After recognition of a foreign main proceeding, a proceeding under Albanian bankruptcy law may be commenced only if the debtor has assets in Albania;
2. The effects of that proceeding shall be restricted to the assets of the debtor that are located in Albania and, to the extent necessary to implement cooperation and coordination under articles Article 194, Article 195 and Article 196 of this law, to other assets of the debtor that, should be administered in that proceeding.

Article 198
Coordination of the bankruptcy proceeding and a foreign proceeding

Where a foreign proceeding and the bankruptcy proceeding are taking place concurrently regarding the same debtor, the bankruptcy court shall seek cooperation and coordination under Article 194, Article 195 and Article 196, and the following shall apply:

a) when the bankruptcy proceeding is taking place at the time the application for recognition of the foreign proceeding is filed,
   i. any relief granted under Article 188 and Article 190 must be consistent with the bankruptcy proceeding in Albania; and
   ii. if the foreign proceeding is recognized in Albania as a foreign main bankruptcy proceeding, Article 189 does not apply;

b) when the bankruptcy proceeding in Albania commences after recognition, or after the filing of the application for recognition, of the foreign proceeding,
   i. any relief in effect under Article 188 and Article 190 shall be reviewed by the bankruptcy court and shall be modified or terminated if inconsistent with the bankruptcy proceeding in Albania; and
   ii. if the foreign proceeding is a foreign main proceeding, the stay and suspension referred to in Article 189 (1) shall be modified or terminated pursuant to Article 189 (2) if inconsistent with the bankruptcy proceeding in Albania;

c) in granting, extending or modifying relief granted to a representative of a foreign secondary proceeding, the bankruptcy court must be satisfied that the relief relates to assets that, under the law of Albania, should be administered in the foreign secondary proceeding or concerns information required in that proceeding.

Article 199
Coordination of several foreign proceedings

In matters referred to in Article 170, in respect of more than one foreign proceeding regarding the same debtor, the court shall seek cooperation and coordination under Article 194, Article 195 and Article 196, and the following shall apply:

a) any relief granted under Article 188 or Article 190 to a foreign representative after recognition of a foreign main proceeding must be consistent with the foreign main proceeding;

b) if a foreign main proceeding is recognized after recognition, or after the filing of an application for recognition, of a foreign non-main proceeding, any relief in effect under article 188 or 190 shall be reviewed by the court and shall be modified or terminated if inconsistent with the foreign main proceeding; and

c) if, after recognition of a foreign secondary proceeding, another foreign non-main proceeding is recognized, the bankruptcy court shall grant, modify or terminate relief for the purpose of facilitating coordination of the proceedings.

Article 200
Presumption of insolvency based on recognition of a foreign main proceeding

In the absence of evidence to the contrary, recognition of a foreign main proceeding is, for the purpose of opening a bankruptcy proceeding, proof that the debtor is insolvent.

Article 201
The satisfaction of the payment in concurrent proceedings

The creditor who has been partially satisfied in respect of its claim in a proceeding pursuant to a law relating to bankruptcy in a foreign State may not be satisfied for the same claim in a bankruptcy proceeding in Albania regarding the same debtor, so long as the satisfied amount to the other creditors of the same rank is proportionately less than the amount that the creditor has already received, without affecting in this situation, secured creditor's claims.

PART NINE

THE NATIONAL BANKRUPTCY AGENCY

Article 202
Status of the Agency

1. The National Bankruptcy Agency (hereinafter the "Agency") is a legal person, whose rights, tasks and responsibilities shall be determined by law.
2. The Agency's headquarters is in Tirana.
3. Organization and operation of the Agency shall be determined by the Regulation.

Article 203
Agency duties

The Agency shall have the following duties and powers

a) to issue, revoke or renew licenses for the bankruptcy and monitoring administrators, in compliance with the provisions of this Law;
b) to set and administer the exam for the bankruptcy and monitoring administrators;
c) to keep the certified bankruptcy and monitoring administrators register;
d) to supervise and monitor the standard of professional conduct of bankruptcy and monitoring administrators during bankruptcy proceedings;
e) to collect and process statistical data and other data related to the bankruptcy procedures;
f) to propose standards of conduct and competence in administration of bankruptcies as well as a Code of Ethics and to enforce all such standards and the Code of Ethics with sanctions and disciplinary measures to request a report from the bankruptcy and monitoring administrator once every three months on the performance of their duties and
g) to carry out any other task as assigned by this Law.

Article 204
Supervisory activity of the agency

1. The Agency, in the exercise of its supervisory activity, shall inspect the work of the bankruptcy and monitoring administrators to ensure they have carried out their duties as prescribed in this Law, national bankruptcy estate administration standards and the Code of Ethics, which is approved by the Decision of Council of Ministers.
2. The Agency shall carry out the supervisory activities as set out in (1) above through the assessment of written reports submitted by the bankruptcy and monitoring administrator and judge, and pursuant to other documents kept in the context of the activities of the bankruptcy and monitoring administrators during the bankruptcy proceedings.

Article 205
Foreign expertise

In the exercise of its duties that require a special expertise, the Agency may contract natural or legal, Albanian or foreign persons.

Article 206
Sources of funding of the agency

Financial resources for incorporating the Agency and for ensuring its operation shall be allocated from the state budget and from the fees it shall collect from its activity The Council of Ministers shall issue a decision on the sources of funding and fees to be collected by the Agency.

PART TEN

ADMINISTRATIVE PENALTIES

Article 207
Administrative Penalties

1. The deposit of documentation and declarations with false data from the debtor, member of the board of directors or from another governing body, shareholder or any other person operating on behalf of the debtor, shall be considered an administrative penalty and shall result in a fine by the bankruptcy court from 50 000 (fifty thousands) up to 200 000 (two hundred thousands) Lek. Exceptionally and whenever the bankruptcy court considers the existence of a very grave breach of the duties of the administrators in the cases contemplated in this law, it may impose a sanction to prevent such administrator from directly or indirectly conducting business and professional activities for up to a maximum of 5 years.
2. The deposit of documentation and declarations with false data from an individual, shall be considered an administrative penalty and shall result in a fine by the bankruptcy court from 50 000 (fifty thousands) up to 100 000 (one hundred thousands) Lek.
3. Hiding, transferring or the alienation of the assets or documentation from the bankruptcy administrator or the bankruptcy court, with the goal of obstructing the bankruptcy procedure, shall be considered an administrative penalty and shall result in a fine by the bankruptcy court from 50 000 (fifty thousands) up to 200 000 (two hundred thousands) Lek.
4. Non-compliance with the obligations pursuant to Article 65 and 66 is considered an administrative penalty and shall result in a fine by the bankruptcy court from 50 000 (fifty thousands) up to 200 000 (two hundred thousands) Lek.
5. The identification, examination and the complaint on the administrative penalty stipulated by this provision is regulated by Law no. 10279/2010 “On Administrative Penalties”
6. The decision of the bankruptcy court may be apealed to the Court of Appeal.

Article 208
Administrative Penalties of the Administrator

1. Without limiting any other remedies which might be available, if the bankruptcy or monitoring administrator does not implement the bankruptcy court decisions or orders, or otherwise fails to respect the terms of this law, shall be considered an administrative penalty and shall result in a fine by the bankruptcy court from 50 000 (fifty thousand) to 200 000 (two hundred thousand) Lek.
2. The bankruptcy administrator’s refusal to turn over the assets and the documentation of the proceeding once he is dischared, shall be considered an administrative penalty and result result in a fine by the bankruptcy court from 50 000 (fifty thousand) to 200 000 (two hundred thousand) Lek.
3. The identification, examination and the complaint on the administrative penalty stipulated by this provision is regulated by Law no. 10279/2010 “On Administrative Penalties”
4. The decision of the bankruptcy court may be apealed to the Court of Appeal.

PART TWELFTH

TRANSITORY PROVISION

Article 209
Transitory Articles

1. Law No. 8901, of May 23 2002 “On Bankruptcy”, shall be repealed.
2. The Article 104 of the law no. 9920, dated 19.05.2008, amended "On tax procedures in Republic of Albania" is repealed.
3. All Decisions of Council of Ministers and other sub-legal acts implementing the law No. 8901, dated on 23. 05. 2002 “On Bankruptcy”, shall remain in power and shall be applied if not in contradiction with this law.
4. The Council of Ministers approves within three months from entering into force of this law, the sub-legal acts for its implementation.

Article 210
Ongoing proceedings

This law shall not be retroactive and shall only regulate proceedings initiated after its coming into force.

This Law shall enter into force …….