

INSOL EUROPE

INSOLVENCY OFFICEHOLDERS FORUM

SURVEY OF CERTAIN REGULATION FOR INSOLVENCY OFFICEHOLDERS

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INSOLVENCY REGULATION **IN** **BULGARIA**

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The answers aim to summarize the following, where possible, information regarding the Insolvency office holders in Bulgaria:

I. PRELIMINARY REMARK

Under Bulgarian legislation the term Insolvency office holder (IOH) is translated as receiver [“sindik“]. Therefore, for the purposes of this report, the terms IOH and receiver shall be used as synonyms.

With respect to the term insolvency, the Bulgarian translations of national acts regarding these topics use the term bankruptcy, but the meaning remains the same.

II. TYPES OF INSOLVENCY OFFICE HOLDER

1. Identify the types of Insolvency office holder (IOH) undertaking winding up proceedings, trustee/creditor in possession restructuring proceedings, with a short description of each role.

In Bulgaria there are 4 types of IOHs, namely:

a. Provisional IOH

The provisional IOH is appointed in advance by the bankruptcy court before delivery of its decision on the petition for institution of bankruptcy proceedings, where necessary for preservation of the property of the debtor.

The provisional IOH has the rights under Art.635, Para 1 of the Bulgarian Commercial act (“CA”). This means that the provisional IOH is entitled to supervise the activities of the debtor after the institution of the bankruptcy proceedings. The debtor may conclude new transactions only with the preliminary approval of the provisional IOH and in compliance with the measures, imposed under Art. 629a CA such as staying the enforcement cases against the debtor’s assets, except the enforcement cases instituted according to the Tax-Insurance Procedure Code, imposing provisional measures, ordering sealing and so on.

b. IOH, also known as Receiver in bankruptcy

The receiver in bankruptcy is elected by the first meeting of the creditors, provided he meets the requirements under Art.655 CA and has given his preliminary consent in writing with a notary certified signature.

The receiver is appointed with a decision of the bankruptcy court. In the same determination the bankruptcy court shall also specify the date of taking up the duties of a receiver in bankruptcy. At the time of his appointment the receiver in bankruptcy shall declare in a written declaration with notary certified signature the availability of the conditions and the lack of obstructions according to CA, his participation in trade companies as a partner, shareholder, his occupation of as liquidator, receiver in bankruptcy and other paid occupations.

The IOH shall:

1. represent the undertaking;
2. administrate its current affairs;
3. supervise the activity of the debtor in the cases under Art. 635, Para 1;
4. take possession under inventory, store and keep the account books and business correspondence of the enterprise;
5. identify and establish the debtor's assets;
6. under the terms and conditions set forth by law file requests for terminating, cancellation or invalidation of contracts to which the debtor is a party;
7. participate in judicial proceedings of the debtor's enterprise and bring lawsuits on his behalf;
8. collect the pecuniary claims of the debtor and deposit the proceeds into a special bank account;
9. dispose of the funds in the debtor's bank accounts with the permission of the court, where this is necessary in connection with the administration and protection of the assets;
10. identifies and establishes the debtor's creditors;
11. convene and organize the meetings of creditors pursuant to a judicial determination;
12. propose a plan under Art. 696;
13. undertake actions to terminate the debtor's participation in companies;
14. convert the bankruptcy estate into cash;

15. undertake other actions prescribed by law or assigned by a court.

The receiver in bankruptcy shall exercise his powers in conformity with the progress of the bankruptcy proceedings and the court orders.

All public bodies and organizations shall be obliged to cooperate with the receiver in bankruptcy at the exercise of his powers.

c. Official receiver in bankruptcy appointed by the court.

An official receiver in bankruptcy may be appointed by the court until the appointment of a new receiver in bankruptcy by the Meeting of the creditors in the following cases:

1. when the court removed the IOH due to placement under guardianship;
2. when the court removed the IOH since he / she fails to meet the requirements for IOH,
3. by a decision of the meeting of the creditors; or
4. when the court removed the receiver in bankruptcy, ex officio or at the proposal of the debtor, the committee of creditors or a creditor, in case he fails to perform his duties or his actions jeopardize the interests of the creditor or the debtor. Until the appointment of a new receiver in bankruptcy his powers shall be exercised by an official receiver in bankruptcy appointed by the court.

The officially appointed receiver exercises all the powers of the IHO until the appointment of a new receiver in bankruptcy by the court after a decision of the meeting of the creditors.

d. Bank bankruptcy receiver

It should be noted that specific rules apply with regard to the performance of the duties of a receiver in cases of bank insolvency proceedings.

Pursuant to the Bulgarian Bank Bankruptcy Act, the receiver in bankruptcy of a bank can only be an individual meeting the following requirements:

1. not to have been convicted after coming of age for a deliberate indictable offence;

2. to have higher economic or juridical education and time of practice on the specialty not later than five years, of which three years in the sphere of banking, accounting or finance, respectively commercial, banking or financial law;
3. to be a person with good professional repute;
4. not to have been a member of a management or control of the bank during the last five years preceding the date of the decision for instituting bankruptcy proceedings;
5. not to be divested or to have been divested of the right to occupy a position of substantive responsibility;
6. not to be a spouse or lineal relative, collateral relative up to sixth degree including, or by marriage - up to third degree including, of a member of a managing or control body of the bank having acted during the last three years preceding the date of the decision for instituting bankruptcy proceedings;
7. not to have commercial, financial, business or other substantial interests in the bank declared bankrupt;
8. not to have relations with the bank or its creditor which give rise to a grounded doubt about his objectivity;
9. not to be a creditor in the bankruptcy proceedings for the bank or a spouse of a creditor or his lineal relative, collateral relative up to sixth degree including, or by marriage - up to third degree including;
10. not to be a reinstated bankrupt debtor;
11. not to be a temporary assignee in bankruptcy or an assignee of bankruptcy of another entrepreneur;
12. to be included in the list drawn up by the Central Bank of the persons who can be assignees in bankruptcy of a bank;
13. not to have been a member of an executive or control body or a general partner in a company when it has been terminated due to bankruptcy, if dissenting creditors have remained.

The Fund for guaranteeing the deposits in the banks may appoint as receiver in bankruptcy of the bank only persons from a list drawn up by the Central Bank. The appointment shall be

done on the day of the receipt of a copy of the decision for instituting bankruptcy proceedings for a bank or on the next working day at latest.

III. SIZE OF THE PROFESSION

1. Identify the approximate size of the IOH profession noting those entitled to take appointments and those actively taking appointments. Identify any restrictions on the size of the profession.

Natural person, who have passed successfully the examination for acquiring qualification as set out in the ordinance under Art. 655a, Para 1 CA shall be included in a list approved by the Minister of Justice and published in the State Gazette, of the persons who can be appointed as receivers in bankruptcy. Currently in Bulgaria 240 (two hundred and forty) persons are included in this list. The information is provided by the official page of the Ministry of justice: <http://ispn.mjs.bg/MJ/ispn.nsf/indexPublic.xsp?page=trustee>.

In the list of persons, who may be appointed as receivers in the bank bankruptcy proceedings, 32 (thirty-two) names are included.

Unfortunately, there is no up to date information regarding the IOHs that are actively taking appointments in Bulgaria. The Ministry of justice is currently making inspection on the activities of the IOHs in Bulgaria since a comprehensive analysis of the IOHs has never been prepared.

IV. PRACTICING NORMS

1. Provide a brief overview of the style in which members typically carry on business, whether as sole practitioners, in specialist firms or as part of diverse professional service firms.

The powers of the receiver in bankruptcy may be exercised by several persons. In such cases, decisions shall be taken by unanimity and actions shall be undertaken jointly, unless the meeting of creditors or the court decides otherwise, in case of dispute between the persons who exercise the powers of the receiver in bankruptcy. In case the powers of the receiver in bankruptcy are exercised by several persons who take the decisions by unanimity and act jointly, they shall bear joint liability under Art.663, Para 2 and 3 CA.

Thus, the IOHs usually are acting as sole practitioners and not as part of professional service firms. Moreover, under the Bulgarian legislation firms and legal entities are not entitled to become IOH and to exercise the profession of a bankruptcy receiver, since this position may only be occupied by a natural person.

V. QUALIFICATION TRAINING AND ENTRY INTO THE PROFESSION

1. Describe the qualifications required to undertake the IOH role, the extent to which professional examinations are required, the typical apprentice or training period required of a professional before undertaking appointments.

The qualifications required to undertake the IOH role are listed in detail in Art.655 CA. Thus, natural person may become receivers in bankruptcy if he/she conforms to the following requirements:

1. not to have been convicted at an age of majority for deliberate crimes, unless rehabilitated;
2. not to be a spouse of the debtor or a creditor and without kinship with any of them of direct lineage, of peripheral lineage - up to the sixth degree, and by marriage – up to the third degree;
3. not to be a creditor in the bankruptcy proceedings;
4. not to be a bankrupt debtor that has been granted restitutio in integrum;
5. not be in any relations with the debtor or a creditor, which may generate reasonable suspicion of impartiality;
6. to hold a postgraduate degree in economics or law and have at least 3 years of service in the field of his specialty;
7. to have passed successfully the examination for acquiring qualification as set out in the ordinance under Art. 655a, Para 1 and to be included in a list approved by the Minister of Justice and published in the State Gazette, of the persons who can be appointed as receivers in bankruptcy;
8. not to have been discharged as a receiver in bankruptcy pursuant to Art. 657, Para 2 of the present Act or Art. 29, Para 1, Items 6 or 7 of the Bank Bankruptcy Act;
9. not being imposed a measure under Art. 65, Para 2, item 11 of the Banks Act or under Art. 103, Para 2, Item 14 of the Credit Institutions Act.

The specific requirements with respect to the receivers in cases of bank bankruptcy are listed above (see section I, para. d. Bank bankruptcy receiver).

2. Describe the subject matter of any examinations, together with the responsible examining body. Specify the typical % sitting the examinations and passing.

The examination for qualification for the receiver consists of a written and an oral part. The examination is announced by the Minister of Justice, published in the State Gazette. The order for the examination shall also be published in the website of the Ministry of Justice. The order contains data on the time, venue, start time and duration of the written and oral part of the exam, the size of the fee and the account on which it should be submitted for the participation in the exam.

The relevant questions for the written and oral part of the exam are listed as examples in the Annex of the Ordinance № 3 of 27 June 2005 on the procedures for selection, qualification and supervision over receivers. The written part of the exam is a test. The oral examination is conducted by a commission comprising of a chairman and two members - representatives of the Ministry of Justice.

The oral part of the exam is public and is held in presence of all members of the examination committee and the next five candidates on the list. Each candidate answers two questions on the topics listed in the Annex of the Ordinance. During the conduct of the oral part of the exam the theoretical and practical knowledge of the candidate shall be checked and the candidates may be asked additional questions regarding the written part of the exam.

The Selection Committee evaluates the written and oral part of the examination as "passed" or "failed". In order to pass the written part of the exam, the candidate shall be answered correctly not less than 2/3 of the questions on the test. The candidates, successfully passed the written part of the exam are eligible to participate in the oral examination. The assessment of the oral part of the exam is announced immediately to the applicant. The examination for qualification as a receiver is considered successfully passed for the candidates who received "pass" to the written and the oral part of the exam.

Within 14 days of receipt of protocols for the successfully passed candidates, the Minister of Justice issues the list of persons who may be appointed receivers in bankruptcy proceedings under the CA. The list contains the names of the receivers, contact address, telephone and specialty.

The Minister of Justice is also entitled to remove from the list any person who have been found to commit violation in the course of his / hers activities as receivers in bankruptcy, even if the said violation have not been established by the bankruptcy court. These changes shall be published in the State Gazette.

Annually by 31 January the updated list of persons who may be appointed as receivers under the CA is published in Official Gazette and published in the website of the Ministry of Justice.

In 2014, 104 (one hundred and four) persons passed the written exam and 69 (sixty-nine) of them were admitted as IHOs with a Decision of the Minister of Justice.

In 2015, 8 (eight) persons were included in the list of the persons, who may act as receivers in bank bankruptcy proceedings.

VI. PROFESSIONAL BODIES

1. Identify whether IOHs are typically members of a specialist profession, or a subset of another (e.g. lawyers of accountants).

The IOHs in Bulgaria are predominantly jurists. From the list of 240 IOHs currently working in Bulgaria, only 87 (eighty-seven) of them are economists. It should be also noted that some of them have two degrees, namely as jurists and economists (about 15 persons).

Except jurists and economists no other professions are included, since this is a requirement set out in art. 655, par. 6 of CA, namely: the IOH may be a natural person who holds a postgraduate degree in economics or law and has at least 3 years of service in the field of his specialty.

1. List the professional bodies of which IOHs may typically be member, indicating those which undertake regulatory activity within a statutory framework and those that undertake activity outside a statutory framework (e.g. best practice and/ or compulsory minimum standards for member entry criteria). Regulatory activity may typically comprise: setting and enforcing minimum professional standards, specifying ethical standards, requiring members to undertake minimum annual continued professional education, reviewing on a periodic basis IHOs compliance with minimum standards (case conduct reviews), adjudicating complaints regarding member's conduct, levying fines and impositions on a members and excluding members from membership and other.

The qualification of receivers is organized, conducted, coordinated and controlled by the Minister of Justice together with the Minister of Economy. The Minister of Justice and the Minister of Economy annually by 15 February prepare a program of thematic training courses in which they determine the length, the terms and conditions for participation of the receivers. The program shall be sent to every receiver and is published on the website of the Ministry of Justice and Ministry of Economy.

A written application for participation in the course shall be sent by the receiver to the Minister of Justice within one month of the notification of the program. The receiver is obligated to participate in at least one organized course during the year. The graduates of different forms of courses receive a certificate issued by the Minister of Justice.

The last course, completed by the Bulgarian IOHs was with topic “Current issues of the bankruptcy proceedings and related procedures”. There was also a discussion meeting under the theme "Receivers share their practical experience".

The receiver in bankruptcy is obliged to make an obligatory annual payment for professional qualification, which size shall be determined in an ordinance on the procedure of selection, qualification and control of the receivers in bankruptcy to be issued jointly by the Minister of Justice, the Minister of Economy and the Minister of Finance.

The failure to pay in due times the amounts for professional qualification constitutes grounds for exclusion of the person from the list of the receivers.

2. Identify the regulatory activity undertaken by professional bodies.

The Minister of Justice exercises regulatory powers over the activities of the receivers. The Minister may act as well upon written request of an interested party as ex officio. The Minister examines the activities of the receiver in a particular bankruptcy proceeding. Copies of the application and the annexes thereto are sent to the receiver within 7 days after their submission to the Ministry of Justice. The receiver may provide a written reply and provide evidence within 7 days of notification.

If the receiver has been found to committed offence in connection with its activities, the Minister of Justice may exclude this person from the list of the receivers. The order of the Minister for exclusion is subject to appeal before the Administrative Court. Once the Order comes into force, it must be published in the "State Gazette".

3. Identify the approximate dates of foundation of the professional bodies, or emerging bodies.

At the time there are no professional, emerging bodies or other professional organizations of receivers in Bulgaria. There is however not official information by the Ministry of justice, dated July 2015 that it shall regulate in detail the activities of the receivers and this includes also the establishment of professional organization of receivers for the territory of Bulgaria. Such professional bodies are established for the private enforcers in Bulgaria and also for the

notaries in order to regulate, organize, coordinate and control the activities of the receivers in Bulgaria.

VII. CONTINUING PROFESSIONAL EDUCATION (“CPE”)

1. Specify any minimum requirement for continuing professional education (number of hours per year) and the types of activity eligible for continuing professional education.

As pointed above (see section 1), any natural person can become a receiver if it complies with the requirements set out in Art.655 CA, which include a postgraduate degree in economics or law and at least 3 years of service in the field of his specialty.

The continuing professional education encompasses the annual participation in at least one educational course, listed in the program, issued by Minister of Justice and the Minister of Economy.

2. Indicate whether the CPE requirement is set within a stator framework (by professional bodies undertaking statutory regulation) or outside a statutory framework (e.g. by professional bodies who require best practice but not within a statutory framework).

The continuing professional education is organized by the Minister of Justice and the Minister of Economy, who may appoint different bodies in order to facilitate the participation in the course.

However, since there is no professional body, authorized to act on behalf of the receivers, these activities may not be assigned at this time to other bodies.

VIII. BODY CORPORATE OR INDIVIDUAL

1. Identify whether an IOH may be a body corporate, or must be an individual.

Under the Bulgarian legislation and pursuant to art.655, par. 1 CA, the IOH may only be an individual.

IX. SANCTION FOR ACTING AS AN IOH WITHOUT PROPER AUTHORIZATION

1. Specify the consequences of acting as an IOH without proper authorization.

Since the regulation of the profession of the receiver is not established in detail, the only relevant provision is found in the Bulgarian penal code, which provides that “*whoever*

practices a profession without the respective capacity shall be punished by imprisonment of up to one year or by a fine of one hundred to three hundred BGN” (Art. 324 Penal code).

X. BONDING AND INSURANCE

1. Identify the surety requirements, I any, that an IOH must maintain in respect of appointments.

Under art.663a CA and art.22 of the Ordinance № 3 of 27 June 2005 on the procedures for selection, qualification and supervision over receivers, the receiver shall be insured for the period during which he was appointed in particular bankruptcy proceedings for damages that may occur due to fault of his duties. When the receiver's powers are exercised by several persons, compulsory insurance occurs separately for each of them.

Within three days of the appointment as a receiver on a specific bankruptcy proceeding and before the inauguration, the receiver shall submit to the bankruptcy court a certified copy of his/hers insurance policy.

2. Identify the requirements of IOHs to maintain professional indemnify insurance.

The minimum amount of insurance is BGN 10,000 for one insurance event and BGN 25,000 in aggregate for all claims for the period of insurance. At their discretion, the receivers may enter into voluntary insurance under terms and conditions agreed upon with the insurer.

3. Identify the market that is used to provide professional indemnity insurance, and whether IOHs self-syndicate any element of insurance.

Since the professional insurance of the receiver is obligatory under the Bulgarian legislation, it is rare that the IOHs enter in additional voluntary insurance. However, there are receivers which may decide to conclude a voluntary insurance in addition to their professional insurance based on the specifics of the current bankruptcy case they are working on.

XI. APPOINTMENT OF IOHS

1. For each class of IOH identify the general methods of selection and criteria for appointment to the role.

The bankruptcy court shall appoint the receiver in bankruptcy elected by the first meeting of the creditors, provided he meets the requirements under Art.655 and has given his preliminary consent in writing with a notary certified signature. In the same determination the bankruptcy court shall also specify the date of taking up the duties of a receiver in bankruptcy.

At the time of his appointment the receiver in bankruptcy shall declare in a written declaration with notary certified signature the availability of the conditions and the lack of obstructions according to this law, his participation in trade companies as a partner, stockholder, the occupation of positions of a liquidator, receiver in bankruptcy and other paid occupations.

In case of a change of any of the circumstances the receiver in bankruptcy shall be obliged to inform in writing the bankruptcy court immediately.

The receiver in bankruptcy shall be obliged to take up his duties on the date determined by the court. In case of non-compliance with the said obligation the bankruptcy court shall, within 7 days, replace the appointed receiver in bankruptcy with another person among those nominated by the first meeting of the creditors. If there are no such persons the replacement shall be made with another person from the relevant list and a new meeting of the creditors shall be convened.

The specific appointment of the provisional receiver and the receiver, appointed by the court, are listed above (see section a and c above).

XII. REMUNERATION

1. For each class of IOH identify the methodologies of remunerating the IOH (hours and rates, % of assets, % of distribution, etc.). Identify who determines the methodology. Identify any party or parties with a right to review and challenge remuneration. Identify any requirements of guidelines for the provision of information regarding remuneration and analysis to supervising committees, creditors of courts.

Pursuant to Art.661 CA, the receiver in bankruptcy shall be entitled to remuneration for his work - current and final, which size is determined by the meeting of the creditors. A decision of the way of determining the final remuneration may be taken also prior to the conclusion of the activity of the receiver in bankruptcy.

Regarding the remuneration of the provisional receiver and the receiver, appointed by the Court, the court itself shall determine a current remuneration.

The current remuneration shall be paid monthly for each and every class of IOH.

The final remuneration of the receiver may be determined also at the time of adopting a recovery plan, respectively at reaching out-of-court settlement between the debtor and the creditors, being dependent on the following circumstances:

1. observing procedural terms;
2. whether the list of the admitted claims by the receiver in bankruptcy has been approved by the court without any changes to it;
3. performed activities and granted actions for constitution of the bankruptcy estate;
4. termination of the bankruptcy proceedings due to an approval of a recovery plan ;
5. conversion of the bankruptcy estate in cash upon declaring bankruptcy;
6. other circumstances of importance for the term of the proceedings and for the bankruptcy estate.

The final remuneration may be determined also as a percentage of the assets constituting the bankruptcy estate and/or as a percentage of the value of the assets converted in cash.

In the cases the meeting of the creditors was unable to take a decision for election of a receiver in bankruptcy or a decision for determining the remuneration of the receiver; it shall be determined by the court.

2. Identify any market norms relating to IOHs' remuneration.

It should be noted that under the Bulgarian legislation there is special Ordinance № 33 of 23 October 2003 on the remuneration of the receivers in cases of bank insolvency, which regulates the mechanism for determining the monthly remuneration of persons appointed as receivers in cases of bank insolvency and the order for reducing it.

The amount of the monthly remuneration of the receivers in bank insolvency shall be determined by the board of the Deposit Guarantee Fund (the Fund) as follows:

1. during the period from the appointment of the receiver until six months following that date: a fixed amount not less than 10 minimum monthly wages and not more than 30 minimum monthly wages;
2. for the period following the expiration of the period under p. 1: a percentage of the total amount, collected by the receive in the respective month

The monthly remuneration of the receiver for the period of six months following the date of his appointment shall be determined by:

1. The amount of the bankruptcy estate;

2. The type and variety of rights included in the bankruptcy estate and the existence of the dispute concerning the establishment of such rights;
3. Other circumstances related to the maintenance and filling of the bankruptcy estate, as well as necessary measures for liquidating the rights from the bankruptcy estate due to the risk of destruction or devaluation.

For the period following, the remuneration of the receiver amounts to percentage of the total collected amount which varies from 0,01 % to the maximum amount of 0,7 % dependent on the type of the assets concerned.

For the other types of IOHs there are no specific rules regarding the formation of their remunerations. As pointed above, the amount of the remuneration depends on the resolution of the Meeting of the creditors.

It should also be underlined that the receiver's remuneration is part of the insolvency costs under Art. 723 CA and thus in the course of the distribution of the converted into cash assets the remuneration of the receiver shall be paid in the third place, namely: the following order shall be maintained:

1. claims secured by a pledge or mortgage, or distrains or injunction registered under the procedure of the Special Pledges Act - from the received sum from the realization of the security;
2. claims because of which the right of lien is exercised - from the value of the property subject to lien;
3. insolvency costs;

XIII. PERSONAL LIABILITY OF IOHS

1. Identify any areas where an IOH may be typically exposed to personal liability in carrying out his / her functions

Pursuant Art.660 CA the receiver shall exercise his powers with the care of a prudent merchant. The receiver may not entrust his rights to another person, except with the explicit permission by the court.

The receiver in bankruptcy shall be responsible for the inventoried assets as from the time of drawing up the inventory, in case it has not been handed over to the debtor or to third parties for keeping.

In addition, the receiver may not enter into agreements on behalf of the debtor either with himself or with a person related to him. The receiver may not acquire in any way, directly or through another person, any object or right from the bankruptcy estate. This restriction shall apply also to the spouse of the receiver, his relatives of direct or peripheral lineage up to the sixth degree and by marriage - up to the third degree. The receiver shall not make available to the public any information, data or facts, learned by him in the course of exercising his powers.

In case the receiver in bankruptcy fails to perform his duties or performs them poorly, the court may impose a fine, which, for each individual case, may not exceed the amount of his monthly remuneration. The receiver in bankruptcy is liable to pay compensation equal to the interest determined by operation of law for any delay on his part to deposit the proceeds to a bank. The receiver in bankruptcy is liable to compensate the debtor and the creditors for any damages caused due to his fault in the course of the exercising of his powers.

With regard to the receiver in bank bankruptcy proceedings, it should be noted that when the receiver in bankruptcy does not fulfil his legal authority with due diligence or does not fulfil his obligations the Fund shall impose a fine. The receiver in bankruptcy shall owe indemnification amounting to the legal interest for the time during which he has delayed the deposit of the received monetary resources to the special accounts.

The indemnification due by the receiver in bankruptcy can be deducted by the respective part of the exigible remuneration of the persons appointed as assignee in bankruptcy. The statement for deduction shall be extended in writing to the person appointed as receiver in bankruptcy by the Chairman of the managing board of the Fund on the grounds of a decision of the managing board, indicating the period of the delay admitted by the assignee in bankruptcy, the size of the monetary resources which have not been deposited, the size of the due legal interest on the sums not deposited, as well as the written evidence establishing the offence admitted by the assignee in bankruptcy.

The assignee in bankruptcy shall owe indemnification for guiltily caused damages in fulfilment of his legal authority. The indemnification shall be included in the bankruptcy estate. The liability of the persons appointed as assignee in bankruptcy shall be joint and several.

XIV. RELEASE OF IOHS FROM LIABILITY

Identify the mechanism or convention by which an IOH is released from liability in respect if an assignment undertaken and any exceptions to the release granted.

1. Where there is no mechanism for a statutory release from liability, describe the market norms that in practical terms absolve an IOH from past acts.

There is no specific mechanism for relief of liability in respect to the assignments undertaken. However, regard should be taken to the fact that receiver shall submit a report in writing at the termination of his work within a term specified by the court. A newly appointed receiver, the debtor, the creditors' committee or a creditor may raise objections to the report within seven days after its submission. Within 14 days from the receipt of the objection the court shall issue a determination with respect to the objection which shall not be appealable.

Should no objection be raised within this term, the report shall be considered accepted.

XV. INDEPENDENCE

1. Set out the applicable standards relating the IOHs independence from debtor, and/or creditors or other parties.

The receiver in bankruptcy shall exercise his powers in conformity with the progress of the bankruptcy proceedings and the court orders.

The receiver shall record each action on his part, relative to the management and disposal of property and rights of the debtor's assets or the bankruptcy estate in a bound and paginated by him and certified by the court logbook. When the functions of the receiver are carried out by two or more persons, the disagreements between them and the taken decisions shall be entered into the logbook.

The receiver shall submit to the court and the committee of creditors each month, and immediately when asked, a report of his activity. At the request of a creditor the receiver shall present to him a logbook, a report, and also a report on any particular questions, if they have not been answered in the general report for the same period.

All public bodies and organizations shall be obliged to cooperate with the receiver in bankruptcy at the exercise of his powers.