



VIII CONSTITUTIONAL GOVERNMENT

Proposal

Decree-Law No. .../2022

... of ...

RECOVERY AND INSOLVENCY CODE

(Preamble)

(...)

Thus:

In the use of the legislative authorisation granted by Law No. [...]/2022 of [...], of [...], and pursuant to Article 115(1)(e) of the Constitution, the Government decrees the following:

Article 1

Approval of the Insolvency and Reorganisation Code

The Insolvency and Reorganisation Code is approved and published in the annex to this Decree-Law, of which it forms an integral part.

Article 2

Reference to revoked provisions

Whenever, in legal provisions or contractual clauses, reference is made to legal provisions revoked by this Decree-Law, it shall be understood that the reference is to the corresponding provisions of the Insolvency and Recovery Code.

Article 3

Transitory regime

Until the statute of Recovery and Insolvency Administrator enters into force and the respective official lists are published, it is the responsibility of the BRI to indicate the persons who are to perform the duties of Recovery and Insolvency Administrator, taking into account their management knowledge, especially when the Collection includes a company in operation.

Article 4 **Entry into force**

This statute enters into force [...] days after the date of its publication.

Approved by the Council of Ministers on ____ of ____ of 2021.

The Prime Minister,

Taur Matan Ruak

The Coordinating Minister for Economic Affairs

Joaquim Amaral

Minister of Tourism, Commerce and Industry

José Lucas do Carmo da Silva

Promulgated on

To be published.

The President of the Republic,

José Ramos-Horta

ANNEX

RECOVERY AND INSOLVENCY CODE

TITLE I

Introductory provisions

Chapter I

General provisions

Article 1

Definitions

Without prejudice to other notions enshrined in this document, for the purposes of application of this Code, the terms and expressions mentioned below shall have the meanings set out below

- a) Administrator:
 - i) where the debtor is not a natural person, the person who is responsible for the administration of the entity or assets in question, namely the holder of the corporate body that is competent for this purpose;
 - ii) if the debtor is a natural person, his legal representative and agent with general management powers.
- a) ARI: Insolvency and Recovery Administrator;
- b) BCTL: Central Bank of Timor-Leste;
- c) BRI: Recovery and Insolvency Branch;
- d) CRI: Recovery and Insolvency Code;
- e) Debtor: any individual or legal person that may be subject to the recovery and insolvency process, under the terms of Article 3
- f) Company: a company is considered to be any organization of capital and work aimed at the exercise of any economic activity;
- g) FRI: Recovery and Insolvency Fund;
- h) Micro and small enterprises: entities that meet the requirements defined by Government Decree or Ministerial Order; NECRE: Negotiation Phase with Creditors
- i) PRI: Recovery and Insolvency Process;
- a) Person legally liable: The person who, under the terms of the law, is personally and unlimitedly liable for most of the debts of the insolvent party, even if on a subsidiary basis.

Article 2

Purpose of reorganization and insolvency proceedings

1. Reorganization and insolvency proceedings are a process whose purpose is the satisfaction of creditors in the manner provided for in a restructuring plan.
2. The restructuring plan shall primarily aim at the recovery of the debtor's company or, where this is not possible, the liquidation of the debtor's assets and the distribution of the proceeds to the creditors.

Article 3

Subjective scope of application of the law

1. The following may be subject to reorganization and insolvency proceedings:
 - a) legal persons governed by private law, even if exclusively of public capital
 - b) Individuals who are holders of companies, even if they are not registered as such under the applicable registry rules
 - c) Estates in abeyance;
 - d) Permanent representations of foreign companies, provided they are part of a cross-border insolvency regime;
 - e) Any other separate assets.
2. The recovery and insolvency procedure provided for in this Law shall not apply to:
 - a) legal persons governed by public law, including Public Companies subject to the public law regime;
 - b) Insurance companies, credit institutions, financial companies, investment companies providing services involving the holding of funds or securities of third parties, collective investment schemes, and all those under the supervision of the Central Bank of Timor-Leste
 - c) Non-corporate natural persons.

Article 4

Situation of insolvency

1. A debtor shall be considered insolvent if it is unable to meet its due obligations.
2. Corporate bodies and separate estates for whose debts no individual is personally and unlimitedly liable, directly or indirectly, shall also be considered insolvent where their liabilities are manifestly greater than their assets, evaluated according to the applicable accounting standards, except where, taking into consideration the circumstances and in a perspective of continuity of the company, its recovery is highly probable.
3. In the assessment to be made under the preceding subsection, no account shall be taken of debts that are only to be paid out of distributable funds or after the rights of other creditors of the debtor have been satisfied or safeguarded.

4. 4. In a situation of merely imminent insolvency, only the debtor may request the opening of reorganisation and insolvency proceedings.
5. Imminent insolvency is a debtor who foresees that he or she will not be able to meet his or her obligations regularly and punctually in the next twelve months as well as a debtor facing serious difficulties to meet his or her obligations punctually, namely due to lack of liquidity or inability to obtain credit.

Article 5

Recovery and insolvency desk

Recovery and insolvency proceedings shall be initiated and processed at the Recovery and Insolvency Office.

Article 6

Date of the declaration of opening of the proceedings

1. Whenever precision may be relevant, the references made in this Code to the date of the declaration of opening of proceedings shall be interpreted as referring to the day on which the said declaration is issued by the BRI.
2. All time periods in this Code that have as their final term the commencement of the reorganisation and insolvency proceedings shall also cover the period between that date and the date of the declaration of opening of the proceedings.
3. If the declaration of opening of proceedings is declared in proceedings whose processing should have been suspended due to the pendency of another proceeding previously commenced against the same debtor, the date of commencement of the latter shall be relevant for purposes of the time periods mentioned in the preceding paragraph.

Article 7

Suspension of the instance and prejudiciality

1. The instance of reorganization and insolvency proceedings may not be suspended, except in the cases expressly provided for in this Code.
2. The BRI or, where applicable, the court, shall order a stay of proceedings if the same debtor is facing reorganization and insolvency proceedings initiated by another petitioner whose initial petition was first filed at the BRI.
3. The stay of proceedings shall cease if the request for opening of proceedings filed in the first proceedings is dismissed.
4. An appeal against a dismissal decision shall not preclude the continuation of the proceedings opened at a later date.

Article 8

Death of the debtor

1. In case of death of the debtor, the proceedings:
 - a) shall run against the estate opened due to the debtor's death, which shall remain undivided until the proceedings are closed;
 - b) Remain suspended for a non-extendable period of five days as from the date of death.
2. Acts carried out during the suspension period referred to in subparagraph b) of the preceding paragraph by those who should not or cannot be aware of the suspension may be subsequently confirmed or ratified by the interested parties by means of a simple communication to the process in which they express their consent.

Article 9

Principle of inquisitorial proceedings

In recovery and insolvency proceedings, the decisions of the BRI, as well as the judicial decisions, may be based on facts that have not been alleged by the parties.

Article 10

Principle of equality

1. The reorganisation and insolvency process shall observe the principle of equal treatment of creditors, without prejudice to differentiations justified for objective reasons.
2. More unfavourable treatment in relation to other creditors in an identical situation depends on the consent of the affected creditor, which is considered tacitly given in the case of a favourable vote.
3. Any agreement in which the IRO, the debtor or any other party confers advantages to a creditor not included in the reorganisation plan in exchange for certain behaviour within the reorganisation and insolvency process, namely in relation to the exercise of voting rights, shall be null and void.

Article 11

Notifications and publicity

1. All acts in respect of which the law determines that they must be disclosed in person shall be communicated to the respective addressees in writing, by means which allow for proof of receipt.
2. The means referred to in paragraph 1 may be replaced by electronic mail in relation to Parties who have previously communicated to the IRB their consent for the use of electronic means for communicating acts and information.

3. Whenever personal service on entities subject to commercial registration is not possible at the address in the register, they shall be served by writ of summons in accordance with the provisions of paragraph 5.
4. Whenever personal service on entities not subject to commercial registration is not possible, they shall be served by publication in a national newspaper or, in the absence of such a newspaper, in at least one of the most read newspapers in the municipality where the debtor's company is located, and also under the terms of paragraph 5.
5. Service by public notice shall be effected through publication in terms to be regulated by a statute of the Ministry [to be defined in accordance with the Ministry responsible for the BRI].
6. In the case of micro and small companies, the BRI or the Court may determine that there is no need for publication in the newspaper.

Article 12

Subsidiary application of the Civil Procedure Code

Recovery and insolvency proceedings shall be governed by the Code of Civil Procedure in all matters that do not conflict with the provisions of this Code.

Chapter II

Jurisdiction

Section I

General provisions

Article 13

Competent court

1. The Court of Dili shall have jurisdiction for all jurisdictional matters relating to all reorganisation and insolvency proceedings.
2. The Court shall only have jurisdiction over matters expressly provided for in this Code and whenever issues related to fundamental rights of the parties or of public order are at stake.;
3. The hearing and decision of all jurisdictional issues in the reorganisation and insolvency proceedings shall always be the responsibility of a single judge.
4. Without prejudice to the provisions of Article 221, the Timorese courts shall have jurisdiction in all reorganization and insolvency proceedings of debtors whose centre of main interests is located in Timorese territory, which is understood to be the place where the debtor habitually and knowingly administers his or her interests.

Article 14
Urgent nature of insolvency proceedings

1. Recovery and insolvency proceedings, including all of their incidents, annexes and appeals, are urgent and have precedence over ordinary court services.
2. Records of judgements and orders pronounced in the reorganisation and insolvency proceedings are of an urgent nature.

Section II
Common Procedural Incident

Article 15
Scope of common incidents of procedure

1. All matters arising during the proceedings that must be decided by the Court and for which the Code does not provide for a special procedure shall be settled in accordance with the rules provided for in this Section.
2. The deduction of the incident shall not suspend the conduct of the proceedings, without prejudice to the judge's power to order the suspension, on his or her own initiative or at the request of the parties, of any acts that he or she anticipates may be affected by the decision rendered.
3. The deduction of an incident concerning the performance of acts of administration or the challenging of such acts for reasons of convenience shall not be admissible.

Article 16
Parties to the incident

1. All those who are or may be affected by acts performed in the proceedings, namely by the IRB or the ARI, may bring an incident.
2. Parties to the incident are considered to be those against whom the request is directed and those who have opposing positions in relation to the request presented by the claimant.
3. Any person who has intervened in the proceedings may participate in the incident by assisting the requesting party or the opposing party.

Article 17
Proceedings and judgment

1. The procedural incident shall be processed in an autonomous proceeding before the Court.

2. The initial request for deduction of the incident shall be presented at the BRI, within 10 days as of the fact that justifies it, constituting a form of special procedure, under the terms of Article 790, paragraph i) of the Code of Civil Procedure, to which the provisions of Articles 791 and 792 of the same statute shall apply, with the following adaptations.
3. Once the initial petition has been received, the BRI shall immediately forward it to the Court with the procedural documents deemed necessary for the decision.
4. There being no reason for preliminarily dismissing it, the judge shall admit the incident and order that the opposing parties be notified with a copy of the initial petition so that, if they so wish, they may, within 10 days, contest it.
5. With the request for filing the incident and the objections, all the available means of proof shall be offered, and the parties are obliged to present the witnesses listed, whose number may not exceed the limits provided for in article 256 of the Civil Procedure Code.
6. All parties shall clearly and precisely express the concrete protection they request and the decision that they wish to be pronounced by the court, under penalty of their intervention in the procedural incident being preliminarily rejected.
7. The decision to preliminarily deny may always be appealed.
8. A hearing shall only take place when the request has been contested, there is controversy about the alleged factuality and it is relevant for the decision.
9. The hearing shall be scheduled for one of the ten days following the deadline for contesting, unless the Court considers that there are evidentiary measures necessary for the good decision of the case that must be carried out beforehand, which shall be concluded within a period of no more than 20 days.
10. Once the hearing has taken place or, if it does not take place, once the time limit for contestation has elapsed, the Court shall pronounce the sentence within 10 days, which shall be notified to the Parties and to BRI.

Section III **Special procedural incidents**

Article 18 **Reference**

1. The following special procedural incidents are subject to specific regulation, provided for in Title VIII:
 - a) Incident of qualification of the situation of insolvency;

- b) Incident of discharge of the remaining liabilities.
2. In the absence of special regulation, the rules relating to common procedural incidents shall apply to special procedural incidents.

Section IV Appeals

Article 19 Appeals

1. The decisions of the Court of First Instance may only be appealed in the cases expressly provided for in this Code.
2. Appeals shall be filed immediately, separately and with devolutive effect, except for the cases expressly provided for in this Code.
3. The time limit for filing an appeal is 15 days and is counted from the date of notification of the decision.
4. The appellant shall attach the respective allegations with the appeal request, under penalty of the appeal being preliminarily dismissed.
5. In all appeals presented in the proceedings or in any of the attached cases, the time limit for statements is one for all appellants and another one for all respondents.
6. During the time limit for allegations, the proceedings are kept at the registry for examination and consultation by the interested parties.
7. In the case of oral orders or judgements, reproduced in the proceedings, the time limit runs from the day they were issued if the party was present or was summoned to attend the act.
8. Within a time limit identical to that of the appeal, the defendant may reply to the allegation of the appellant.
9. In his or her allegation, the respondent may challenge the admissibility or timeliness of the appeal, as well as the legitimacy of the appellant.
10. The regime provided for in this article shall apply as long as a different specific regulation for appeals provided for in this Code is not provided.

Chapter III Recovery and Insolvency Fund

Article 20 Fund for the Management of Recovery and Insolvency Proceedings

The Recovery and Insolvency Proceedings Management Fund, in addition to other purposes that may be assigned to it, is intended to support the administrative costs of the Court and the fees of the ARI, in the event the debtor does not have sufficient assets to bear the costs.

Chapter IV Recovery and insolvency desk

Article 21 Competence

1. The purpose of the BRI is to ensure the out-of-court processing of recovery and insolvency proceedings and, to that end, to adopt a single simplified procedure for all parties.
2. The BRI shall have exclusive competence within the entire national territory to deal with recovery and insolvency proceedings.

Article 22 Functions

The functions of the BRI are:

- a) Drafting, reviewing and approving forms for insolvency proceedings;
- b) Training, evaluation, certification and supervision of professionals who will exercise the functions of recovery and insolvency administrators, ensuring the existence of a pool of professionals who can perform the functions of ARI;
- c) Creation and regulation of the official list of recovery and insolvency administrators;
- d) Promotion of registries and dissemination of information regarding the PRI by the competent entities;
- e) Management of the IRF;
- f) Managing a database with relevant information for insolvency proceedings;
- g) Managing insolvency jurisprudence databases;
- h) Disseminating and facilitating access to the insolvency system by debtors and creditors;
- i) Collaboration with the Court, within the scope of the IRB, executing whatever is determined by the Court.

TITLE II

Declaration of opening of proceedings Chapter I

Request for the opening of proceedings

Section I
Submission of the application

Article 23
Request for the opening of proceedings

1. The debtor shall request the opening of the proceedings within 60 days following the date of knowledge of the insolvency situation, as described in Article 4, paragraph 1, or the date on which he or she should have known of it.
2. Where the debtor is not a capable natural person, the initiative for filing the request for the opening of proceedings shall rest with any of his or her directors.

Article 24
Other legitimized parties

The request for opening a debtor's case may be requested by whoever is legally responsible for his or her debts, by any creditor or even by the Public Prosecution Service, representing the entities whose interests are legally entrusted to it, in the case of any of the following facts:

- a) General suspension of the payment of overdue obligations;
- b) Failure to comply with one or more obligations that, due to their amount or the circumstances of non-compliance, reveal the impossibility of the debtor to satisfy most of its obligations on time;
- c) Flight of the holder of the company or the directors of the debtor or abandonment of the location where the company has its registered office or carries on its main business, related to the debtor's lack of solvency and without designation of a suitable substitute;
- d) Dissipation, abandonment, hasty or ruinous liquidation of assets and fictitious constitution of credits;
- e) Insufficiency of attachable assets to pay the credit of the claimant verified in enforcement proceedings filed against the debtor;
- f) Non-compliance with obligations provided for in a reorganisation plan, ratified under the terms of Article 116;
- g) Generalized non-fulfilment, in the last six months, of any of the following types of debts:
 - i) Tax
 - ii) Social security contributions and dues;
 - iii) Debts arising from a work contract, or from the breach or termination of this contract;

- iv) Rents of any type of leasing, including financial leasing, instalments of the purchase price or of a loan guaranteed by the respective mortgage, in relation to the place where the debtor carries on its activity or has its headquarters or residence;
- h) If the debtor is one of the entities referred to in Article 4(2), manifest excess of liabilities over assets according to the last approved balance sheet, or a delay of more than three months in the approval and deposit of the accounts, if legally obliged to do so.

Article 25

Withdrawal of the petition or proceedings in reorganisation and insolvency proceedings

The petitioner in reorganisation and insolvency proceedings may withdraw the petition until the opening of the proceedings.

Section II

Requirements of the initial petition

Article 26

Form and contents of the initial petition

1. The petition for opening of the reorganisation and insolvency proceedings shall be made by means of a written petition, which sets forth the facts that constitute the assumptions of the declaration requested and concludes with the corresponding request.
2. For the presentation of the application the forms made available by the BRI shall be used.
3. The applicant shall:
 - a) If the debtor himself, indicate whether the insolvency situation is current or only imminent;
 - b) Identify the debtor's de jure and de facto directors and its five largest creditors, excluding the petitioner himself;
 - c) Attach a certificate from the civil registry, the commercial registry or any other public registry to which the debtor may be subject.
4. Where it is not possible for the petitioner to provide the indications and attachments mentioned in the preceding paragraph, he shall request that they be provided by the debtor himself.

Article 27
Joinder of documents by the debtor

1. With the petition, the debtor, where he is the petitioner, shall also attach the following documents
 - a) List in alphabetical order of all creditors, indicating their residences, the amounts of their claims, due dates, the nature and guarantees they benefit from, and the possible existence of special relations, in accordance with Article 78
 - b) A list and identification of all actions and executions pending against them
 - c) Document explaining the activity or activities that they have undertaken in the last three years and the establishments that they own, as well as what they consider to be the causes of their situation
 - d) Document that identifies the author of the succession, in the case of estate in abeyance, the partners, associates or known members of the legal person;
 - e) A list of the assets held by the debtor under lease, rent or leasing or sale with reservation of title, and all other goods and rights owned by the debtor, indicating their nature, location, registration data, if applicable, acquisition value and estimated current value
 - f) If the debtor has organized accounting systems, the annual accounts for the last three financial years, the respective management and supervision reports, if they are compulsory or exist, and information regarding the most significant changes in assets occurring after the date to which the last accounts refer and regarding the operations that, due to their nature, object or dimension, go beyond the debtor's current activity
 - g) Schedule of the debtor's staff.
2. The debtor shall justify the non-submission or the nonconformity of any of the documents required under subsection 1.
3. In the case of micro and small enterprises, only the documents mentioned in paragraphs b), c), d) and g) shall be attached.
4. Without prejudice to subsequent submission, in accordance with the provisions of Article 98, the petition presented by the debtor may be accompanied by a restructuring plan.

Article 28
Application by another person with legitimacy

1. Where the request is not made by the debtor himself, the petitioner for the opening of proceedings shall justify in the petition the origin, nature and amount of his claim

or his liability for the insolvency claims, as the case may be, and provide with it the elements he possesses regarding the debtor's assets and liabilities.

2. The petitioner shall also offer all means of proof at his disposal, and shall be required to produce the witnesses listed, whose number shall not exceed the limits provided for in Article 256 of the Code of Civil Procedure.

Section III

Proceedings for declaration of opening of the case

Article 29

Preliminary assessment by the BRI

On the day of presentation of the request or, if this is not feasible, until the 5th subsequent working day, the BRI shall:

- a) Refuse outright the request for declaration of initiation of proceedings when it is manifestly unfounded or when there are evidently insurmountable dilatory exceptions of which it must be aware of its own motion;
- b) Grant the petitioner, under penalty of dismissal, a maximum period of ten days to correct the remediable defects of the petition, namely when it lacks legal requisites or is not accompanied by the documents required to support it, in cases where such lack is not duly justified.

Article 30

Presentation of the initial petition by the debtor

1. Without prejudice to the provisions of the following paragraph, the filing of the request for the opening of proceedings by the debtor determines the declaration of the opening of proceedings by the BRI, which shall be made no later than the 5th working day following the date of filing of the initial request or, in the event of correctable defects, the date of their filling.
2. Where the debtor in his initial petition acknowledges his insolvency and requests a declaration of insolvency, the BRI shall immediately declare it.

Article 31

Submission of the initial petition by a third party

1. Where the application for initiation of proceedings is filed by a third party and if there is no reason for preliminarily dismissing it, the BRI shall, within 5 days, notify the debtor to, within 10 days, oppose it if he or she so wishes.

2. In the act of notification, the debtor shall be warned that the documents referred to in Article 27(1) shall be ready for immediate delivery to the IRI in the event the opening of the proceedings is declared.
3. The debtor, being an individual, shall also be advised that, if he or she so wishes, he or she may apply for exemption of the remaining liabilities under the terms of Articles 171 et seq of this Code.
4. In the event there is no opposition by the debtor, the BRI, within five days of expiry of the time period referred to in the previous paragraph, shall declare the process initiated, notifying the debtor to, within the same time period, attach the documents referred to in Article 27(1).
5. The BRI, before notifying the debtor, may request the Court for precautionary measures under Article 34 where such measures are deemed indispensable, but under no circumstances shall notification be delayed by more than 15 days in relation to the time limit that would otherwise apply.

Article 32 **Opposition by debtor**

1. If, after having been notified to do so, the debtor files an opposition within the time period referred to in paragraph 1 of the previous Article, the BRI shall forward the matter to the Court within 5 days.
2. Without prejudice to the provisions of the following paragraph, the debtor shall attach to the opposition, under penalty of non-receipt thereof, a list of his five largest creditors, excluding the applicant, indicating their domicile.
3. The debtor's opposition to the declaration of commencement of proceedings may be based on the non-existence of the fact on which the application is based or on the non-existence of the insolvency situation.
4. The provisions of Article 17(5) shall apply to the opposition filed by the debtor.

Article 33 **Decision by the Court**

1. In the event of opposition by the debtor, a hearing shall be scheduled for one of the five days following receipt of the case file by the Court, and the claimant, the debtor and all de facto or de jure administrators identified in the initial petition shall be notified to appear in person or to be represented by someone with powers to negotiate.
2. If neither the debtor nor a representative appears, the facts alleged in the initial petition shall be considered as confessed.

3. The non-appearance of the claimant, by himself or herself or through a representative, shall be considered as withdrawal of the application.
4. The judge shall then issue, as the case may be, a declaration of opening of the proceedings, if the facts alleged in the initial application are subsumed in Article 24, or a declaration ratifying withdrawal of the application.
5. Both parties being present, the judge shall select the matter of relevant fact that he considers to be settled and that which constitutes the instructive basis.
6. The claims presented shall be decided immediately, followed by production of the evidence considered pertinent by the judge.
7. Once the production of evidence is finished, oral allegations of fact and law shall take place and the judge shall then decide on the matter of fact.
8. If the decision on opening the proceedings cannot be pronounced immediately, it shall be pronounced within five days.
9. Once the Court has declared that the case is open, it shall order that the case be forwarded to the BRI only after the expiry of the time limit for lodging an appeal in order to enable the Parties to consult it and issue any certificates requested, namely for the purpose of ruling on the appeal.
10. The decision of the Court may be appealed, with devolutive effect only, to the Court of Appeal.

Article 34 **Precautionary measures**

1. Where there is justified fear of maladministration, the Court, at the request of the petitioner or the BRI, shall order the precautionary measures deemed necessary or appropriate to prevent the worsening of the debtor's assets until a declaration of opening of proceedings is issued.
2. Precautionary measures may, in particular, consist in the appointment of a provisional administrator, who shall, in principle, be a person registered at BRI, with exclusive powers for the administration of the debtor's assets or to assist the debtor in such administration.
3. The provisional administrator shall remain in office until the opening of the proceedings is declared, without prejudice to the possibility of his replacement or removal at an earlier time or to his reappointment as receiver.
4. The regime applicable to a provisional administrator, with the necessary adaptations, shall apply to the provisional administrator, namely with regard to the regime

applicable to his acts and also to the effectiveness of legal acts entered into without his intervention, when required.

Chapter III

Decision on the opening of the procedure

Section I

Content, notification and publicising of the decision

Article 35

Declaration of opening of proceedings

Having declared the opening of the recovery and insolvency proceeding, the BRI or, where applicable, the Court shall, with that decision:

- a) Indicate the date and time of the respective pronouncement, which shall be deemed to have taken place at noon in the absence of any other indication;
- b) Identify the insolvent debtor, with an indication of his or her registered office or residence;
- c) identify and establish the residence of the debtor's de jure and de facto administrators, as well as the debtor himself, if he is a natural person;
- d) to appoint the ARI, indicating his or her professional domicile;
- e) Determine that the administration of the assets shall be carried out by the ARI when the assumptions required under Article 50 are met, and, in this case, order the seizure, for immediate delivery to the ARI, of the debtor's accounting documents and all his assets, even if they are seized, attached or in any way apprehended or detained;
- f) Ordering the debtor to immediately hand over to the IRI the documents referred to in Article 27 that are not yet part of the case file;
- g) Ordering the handing over to the Public Prosecution Service, for the due purposes, of any elements indicating the commission of a criminal offence;
- h) Designate a time limit of up to 30 days for the lodging of claims, with the warning that such time limit shall commence from the publication of the decision made under the terms of Article 11, paragraph 5;
- i) warn creditors that they must promptly communicate to the IRI any real guarantees they may have;
- j) declare open the negotiation phase with creditors, with a view to the approval of a recovery plan, inviting creditors to participate in such negotiations if they so wish.

Article 36
Notification of the declaration of initiation of proceedings

1. The declaration of opening of proceedings shall be personally notified to the Public Prosecutor's Office, the applicant, the debtor and the ARI.
2. The administrators of the debtor to whom residence has been fixed shall be personally notified of the declaration of opening of proceedings and copies of the initial petition shall also be sent to them.
3. Where the declaration has been pronounced by the Court, the BRI shall also be notified.
4. The five known largest creditors, excluding the petitioner, shall also be personally notified.
5. The remaining creditors and other interested parties shall be notified by means of notices and notice, with a five-day delay, posted at the registered office or residence of the debtor, at his establishments and by publication pursuant to Article 11(5).
6. Failure to notify any of the persons referred to in the preceding subsections, including the debtor, shall not prevent the continuation of the proceedings.

Article 37
Publicity and registration

1. The declaration of opening a proceeding and the appointment of a NRI shall be registered ex officio by the BRI:
 - a) At the registry office, if the debtor is a natural person;
 - b) At SERVE, if any facts concerning the debtor are subject to such registration;
 - c) In the computer enforcement registry established by the Civil Procedure Code;
 - d) Any other registers as determined by law.
2. The BRI shall also:
 - a) Promote the inclusion of such information in the BRI portal;
 - b) Communicate the declaration of opening of the process to the BCTL so that the latter may register it in the central credit register;
 - c) Publish, on the IRB portal, the declaration of opening of the process, with the information referred to in Article 35.
3. The registration of the appointment of the ARI shall include his professional domicile.
4. All steps for the publication and registration of the declaration of initiation of proceedings shall be carried out within a period of five days.

Article 38

Insufficient assets of the debtor

The presumed insufficiency of the debtor's assets to pay the costs of the proceedings and the foreseeable debts shall not prevent the proceedings from continuing.

Section II

Appeal against the decision on the declaration of the opening of proceedings

Article 39 Appeals

Appeal against the decision of the BRI on the opening of proceedings

1. The decision to open the proceedings pronounced by BRI, whether or not there has been opposition from the debtor, may be appealed to the Court.
2. The appeal shall have merely devolutive effect, except where any of the effects provided for in Article 35 c) and e) are established, in which case, with regard to such matters, the appeal shall have suspensive effect.
3. The appeal may be based on facts or evidence that were not previously taken into account and that may rule out the grounds for the declaration of initiation of proceedings, as well as on the allegation that, in view of the elements found, it should not have been issued.
4. An appeal relating to the declaration of initiation of proceedings shall suspend the liquidation and distribution of assets, without prejudice to the provisions of Article 142.2.

Article 40

Persons entitled to appeal

The following may lodge an appeal against the declaration of the opening of the proceedings:

- a) the debtor in a situation of absolute default where he has not been personally notified;
- b) The spouse, ascendants or descendants and first-degree relatives in the direct line of the natural person deemed insolvent, in the case where the declaration of the opening of proceedings is based on the debtor's flight related to his lack of liquidity;
- c) The spouse, heir, legatee or representative of the debtor, where death occurred before expiry of the time limit for opposition by objection that it was lawful for the debtor to lodge under the terms of paragraph a);
- d) any creditor who legitimises himself or herself as such;
- e) those legally liable for the debtor's debts;
- f) partners, associates or members of the debtor.

Section 41

Processing and judgment of appeals

1. Appeals shall be filed with the BRI within 5 days following notification of the statement opening the proceedings to the appellant or the end of the extension period, where applicable.
2. Where there are appeals presented by several entities, all of them shall correspond to a single process.
3. Once the appeal has been received, the BRI shall notify the IRI, the debtor and the applicant of the proceedings to contest, if they so wish, within a period of five days.
4. The IRB shall forward the process to the Court within five days after its lodging.
5. The provisions of Article 17(5) shall apply to the appeal application and the responses.
6. Where deemed appropriate, the Court shall order the necessary evidentiary measures for the proper ruling of the case, which shall be concluded within a period not exceeding 20 days.
7. If neither the debtor nor his representative appears, the facts alleged in the initial application shall be considered as confessed.
8. Failure of the claimant to appear, by himself or herself or through a representative, shall be considered as withdrawal of the application.
9. The Court shall give its decision within 30 days.
10. There shall be no appeal from the decision of the Court.
11. Once the appeal has been finally decided, the Court shall order that the case be remitted to the BRI.

Article 42

Effects of revocation

Revocation of the declaration of opening of the proceedings does not affect the effects of the acts legally practiced by the reorganization and insolvency bodies.

Article 43

Appeal from the decision of the BRI not to open the proceeding

1. The decision by BRI to dismiss the opening of the proceedings may be appealed to the Court.
2. There shall be no appeal against a decision confirming the dismissal of the request for declaration of the opening of the proceeding.

TITLE III

Effects of the declaration of initiation of proceedings

Chapter I

Reorganization and insolvency administrator

Article 44

Appointment and status

1. The appointment of the ARI shall fall within the competence of the BIS and shall be made by a person on the official list of receivers and insolvency administrators, preference, if any, to the provisional administrator in office at the date of the declaration of opening of the proceedings.
2. Notwithstanding the provisions of this Code, the recruitment process for the official lists, as well as the status of the ARI, shall be set out in a separate statute.

Article 45

Functions and performance of duties

1. Upon acceptance of the appointment, NRIs shall immediately take up their duties.
2. In cases of urgency, the ARI may perform acts pertaining to the exercise of his/her duties even before acceptance of the appointment.
3. In addition to other tasks assigned, the ARI shall:
 - a) supervise the administration of the Collection by the debtor, with a view to continuing the operation of the company and preventing, as far as possible, the worsening of its economic situation, observing the provisions of Article 49;
 - b) To examine all elements of the accounts and diagnose the causes of the situation in which it finds itself;
 - c) To prepare, as soon as possible, an inventory of the assets that constitute the debtor's patrimony, with the description and evaluation of the assets that compose it;
 - d) to assess the economic viability of the debtor's business and study the means of recovery most suited to the continuation of the business and the safeguarding of creditors' interests;
 - e) If the recovery of the debtor's company does not appear to be feasible, to prepare the payment of his or her debts at the expense of the amounts of money in the Collection, in particular the proceeds from the sale of the assets that comprise it.

4. Without prejudice to cases of compulsory recourse to legal representation, the IRO shall personally exercise the powers of his office and may, in writing, delegate the practice of specific acts to another IRO.
5. While performing their duties, IRBs may be assisted under their responsibility by technicians or other assistants, whether remunerated or not, subject to prior agreement by the IRB.
6. The IRB shall also be responsible for providing the IRB and the Court with all information on its activities as requested by them.
7. At the request of IRB and whenever IRB does not have direct access to the required information, it shall notify any public entities and credit institutions to provide, based on their records, information deemed necessary or useful for the purposes of the proceedings, namely on the existence of assets belonging to the Acquis.

Article 46 **Dismissal**

The Court, at the request of the BRI, the debtor or any creditor, may, at any time, dismiss the IRI and replace it by another one where there is just cause, namely where there is a conflict of interests.

Article 47 **Publicity and Registration**

The appointment and termination of duties of the ARI shall be advertised and registered as provided for in Article 37, with the necessary adaptations.

Chapter II **Effects on the debtor**

Article 48 **Duty to collaborate**

1. Once the opening of the recovery and insolvency proceedings has been declared, the debtor shall be obliged to:
 - a) provide all information relevant to the proceedings as requested by the Court, the BRI and the ARI;
 - b) to cooperate as requested by the IRI for the performance of its duties;
 - c) appear in person before the IRB or the Court whenever such appearance is ordered by the IRB or the judge respectively, save in the case of legitimate impediment or express permission to be represented by a proxy.

2. The judge may order that a debtor who has failed to appear without justification shall be taken into custody, without prejudice to the applicable fine.
3. The provisions of the preceding subsections shall also apply to the members of the corporate bodies, employees and service providers of the debtor, as well as to persons who have been so within the two years prior to the commencement of the reorganisation and insolvency proceedings.
4. It is the responsibility of the debtor or his directors to prepare and submit the legally required annual accounts for the period of his administration.
5. The BRI may establish a time limit for compliance with the provisions of the preceding paragraph.

Section 49 **Administration by the debtor**

1. Without prejudice to the provisions of the following Article, once the opening of reorganization and insolvency proceedings has been declared, the debtor or, where applicable, his or her directors shall retain the powers to administer and dispose of the assets, and in exercising such powers they shall promote the viability of the company in the manner most convenient for the interests of the proceedings.
2. The BRI shall decide on the closure of the company upon a duly justified proposal by the IRO, by the debtor itself or by a creditor.
3. The debtor, by itself or by its directors, shall not enter into any obligations:
 - a) if expressly opposed by ARI, in the case of ordinary administrative acts
 - b) without the consent of the ARI, in the case of extraordinary administration acts.
4. For the purposes of the provisions of the preceding paragraph, acts of ordinary administration are considered to be those material or legal acts of daily and current management and acts of extraordinary administration are considered to be those that, due to their amount, risk or characteristics, may substantially modify the composition or value of the Collection.
5. The judge may, ex officio or at the request of BRI, ARI or a creditor, prohibit the debtor from carrying out certain acts without the approval of ARI.
6. The legal standing to institute any actions against the debtor's directors as well as persons who are legally liable for the debtor's debts shall always rest with ARI.

Article 50 **Termination of administration by the debtor**

1. The judge may, with good reason, deprive the debtor, by himself or herself or by his or her administrators, of the powers of administration and disposal of the assets that comprise the Collection, which shall be transferred to ARI if:
 - a) if so requested by the debtor itself; or
 - b) if so requested by the IRO or by any creditor where there are reasons to fear delays in the progress of the process or disadvantages for the recovery of the company or the satisfaction of creditors' rights;
2. Once the decision referred to in the previous subsection has been taken, the assets shall be immediately seized and the IRO shall represent the debtor for all property purposes of interest to the process.
3. The representation referred to in the preceding paragraph shall not extend to intervention by the debtor within the scope of the reorganisation and insolvency proceedings and their incidents, except as otherwise expressly provided.
4. Limitations on the power of disposal of the debtor established by judicial or administrative decision or imposed by law only in favour of specific persons shall not apply to the ARI.

Article 51 **Publicity and registration**

Prohibition of performance of certain acts without the consent of the ARI and the decision terminating administration of the Acquis by the debtor shall be published and registered as provided for in Article 37.

Article 52 **Rules regarding acts performed by the debtor**

1. Acts performed by the debtor in breach of the provisions of Article 49, paragraphs 3 to 5, shall be ineffective, and the Acquis shall be liable for restitution of what has been provided to him or her according to the rules of unjust enrichment, except where such acts have been entered into with third parties in good faith for consideration:
 - a) prior to the publicity and registration of the declaration of the opening of the proceedings, in the case of the acts provided for in paragraph 3 of the said Article 49; or
 - b) Prior to the registration of the prohibition to perform certain acts without the consent of the IAR, in the case of the acts provided for in paragraph 5 of Article 49.
2. Acts performed by a debtor who has been deprived of the administration of the Assets under Article 50 are ineffective, and the Assets shall be liable for restitution of what has been provided to him or her only according to the rules of unjust enrichment,

except where such acts have been entered into for valuable consideration with bona fide third parties prior to the publication and registration referred to in Article 51.

3. ARI may ratify ineffective acts performed by the debtor.
4. Payments of debts made to the debtor after the decision referred to in Article 50 is taken shall only be discharging if made in good faith prior to the respective publication and registration or if it is shown that the respective amount has effectively entered the Collection.

Article 53 **Remuneration and maintenance**

1. If the debtor is a natural person, and remains in the administration of the Acquis, he or she shall be entitled to withdraw from it the funds necessary for his or her modest life and that of his or her family, taking into account the possibilities of the Acquis.
2. Where the debtor is a legal person, until the decision referred to in Article 50(1) is taken, the remuneration of the members of its corporate bodies shall be maintained.
3. At any time, at the request of ARI or any creditor, the Court may fix the amount of the benefits to which the debtor or his or her directors referred to in the preceding subsections shall be entitled.
4. Where the decision referred to in Article 50(1) has been taken, if the debtor or, if he or she is a legal person, his or her directors are absolutely destitute of means of subsistence and cannot obtain them through their work, the Court may award him or her a subsidy by way of maintenance out of the earnings of the Acquis.
5. Where there is just cause, at the request of ARI or any creditor and by decision of the Court, the allocation of maintenance to the debtor may be terminated at any stage of the proceedings.

Chapter III **Procedural effects**

Article 54 **Effects on pending proceedings**

1. Proceedings pending at the date of the declaration of opening of the proceedings, to which the debtor is a party, shall continue their normal terms.
2. If, with respect to a claim against the debtor that has been recognised as a contingent claim under the scope of the PRI, a final and unappealable court decision has been rendered on the amount and nature of such claim, such decision shall not be enforceable, but shall be observed, under the PRI, with respect to the recognition and ranking of such claim.

Article 55
Joinder of insolvency proceedings

1. At the request of the ARI, proceedings in which the opening of proceedings has been declared in relation to persons legally liable for the debtor's debts or, in the case of a married individual, his or her spouse, where the property regime is not that of separation, shall be joined to the case record.
2. The same shall apply where the debtor is a commercial company in relation to proceedings in which the commencement of proceedings has been declared in relation to companies controlled by it or in a group relationship with it.

Article 56
Enforcement Actions

1. A declaration of opening of proceedings determines suspension for a period of four months of any enforcement actions or measures requested by creditors affecting assets forming part of the Collection and shall prevent the commencement or continuation of any enforcement action filed by creditors of the debtor.
2. The provisions of the preceding paragraph do not prevent enforcement proceedings from continuing against other parties executed, if any.
3. In the event of enforcement proceedings continuing against other defendants, a copy of the proceedings relating to the debtor shall be extracted and sent to PRI for attachment.
4. The suspension period referred to in paragraph 1 above may be extended by the BIS at the request of the ARI, the debtor or the creditors if it is shown that:
 - a) there has been significant progress in the negotiations of the recovery plan, which make it likely that it will be approved; and
 - b) The continuity of the suspension of the enforcement measures does not unfairly prejudice the rights or interests of the affected parties.
5. The total duration of suspension of the enforcement measures, including extensions and renewals, cannot, in any event, exceed twelve months.
6. During the suspension period, the IRO shall adopt the necessary measures to safeguard the value of the enforced claims.
7. In the case of secured claims, the suspension of enforcement proceedings referred to in paragraph 1 above shall only cover assets that are necessary for the continuation of the company's activity.

8. The enforcement actions suspended in accordance with paragraph 1 shall be extinguished with regard to the insolvent defendant as soon as the insolvency proceedings are closed after the final apportionment, except for the purposes of exercising the right of reversion provided for by law.
9. The ARI shall be responsible for communicating the occurrence of the facts described in the preceding paragraph to the Court in writing and preferably by electronic means.

Article 57

Commencement of new proceedings

While NECRE is pending, declaratory actions for debt collection or enforcement actions may not be brought against the debtor.

Chapter IV Effects on Claims

Article 58

Enforcement of claims against the debtor

During the pendency of reorganization and insolvency proceedings, the debtor's creditors may only exercise their rights in accordance with the provisions of this Code.

Section 59

Suspension of Interest Payment

1. Without prejudice to the following paragraph, the declaration of opening of the proceedings determines suspension of the accrual of legal or conventional interest, except for tax debts and salary claims.
2. Secured claims shall continue to accrue interest until their value, added to the amount of the principal, reaches the value of the assets object of the guarantees or privileges.
3. In the event of liquidation, only the interest that would have accrued if there had been no suspension may be paid after full satisfaction of claims on the proceedings and claims against the debtor.

Article 60

Joint and Several Liable Persons and Guarantors

1. A creditor may compete for the totality of his claim against each of the different joint debtors and guarantors, although the sum of the amounts he receives from all of them may not exceed the amount of his claim.
2. Co-debtors or guarantors of a debtor's debt may claim their credit relative to a possible future payment of such debt.

3. The claim referred to in the preceding paragraph, which shall always be considered as a credit subject to contingent contingency, shall only be considered to the extent that the creditor does not claim it.

Article 61

Conversion of claims

1. For the purposes of participation of the respective holder in the proceedings:
 - a) Non-pecuniary claims shall be met at the value in US dollars estimated on the date of the declaration of opening of the proceedings;
 - b) The monetary claims whose amount is not determined shall be considered by the value in US dollars estimated at the date of the declaration of opening of the proceedings;
 - c) Claims expressed in foreign currency or indices shall be considered by the value in US dollars at the rate in force on the date of the declaration of opening of the proceeding in the place of the respective payment.
2. Claims referred to in paragraphs a) and c) of the preceding paragraph shall be considered as definitively converted into US dollars once they are recognised.

Article 62

Set-off

Without prejudice to any legal provision stating otherwise, claims and debts against the Acquis cannot be offset, unless the requirements for offsetting were already met prior to the declaration of the opening of the proceedings.

Article 63

Suspension of statute of limitations and forfeiture

The declaration of opening of proceedings determines the suspension of all prescription and forfeiture periods enforceable by the debtor during the course of the proceedings.

Chapter V

Effects on ongoing business

Article 64

General principle as to business not yet performed

1. The declaration of commencement of proceedings does not affect the validity of any bilateral contract in which there has not yet been full performance, either by the debtor or by the other party.

2. However, ARI may request the Court to terminate any contract if it is convenient for the interests of the proceeding, which shall follow the terms of the ordinary procedural incident, the judge deciding on what has to be returned and on the compensation to be paid by the Acquis.

Article 65

Hiring of workers

The debtor, in the case referred to in Article 49, or the ARI, in the case referred to in Article 50, may hire, for a fixed or uncertain term, workers needed for the continued operation of the company or for liquidation of the Acquis, but new contracts shall expire at the moment of definitive closure of the establishment where the workers provide services or, unless otherwise agreed, at the moment of its transfer or termination of the proceedings.

Article 66

Imperative rules

1. Any agreement excluding or limiting the application of the preceding rules of this Chapter shall be null and void.
2. In particular, any clause that attributes to the opening of the proceedings or insolvency the value of a resolutive condition of the business or confers a right to indemnity, termination or rescission under terms other than those provided for in this Chapter is null and void.
3. The provisions of the preceding numbers do not preclude the fact that insolvency may constitute just cause for termination or rescission in view of the nature and content of the contractual services.

Chapter VI

Resolution for the Benefit of the Acquis

Article 67

General principles

1. Acts detrimental to the debtor's assets performed within the two years prior to the date of commencement of reorganization and insolvency proceedings may be settled for the benefit of the Collection.
2. The following acts are deemed prejudicial to the assets, without admission of evidence to the contrary:
 - a) Partition entered into less than one year prior to the date of commencement of the reorganisation and insolvency proceeding in which the debtor's portion has been essentially filled with assets of easy evasion, the cointerested parties being entitled to most of the real estate and nominative values;

- b) Acts performed by the debtor free of charge within the two years prior to the date of commencement of the reorganisation and insolvency proceeding, including the repudiation of an inheritance or legacy, with the exception of donations in accordance with social usages;
 - c) Creation by the debtor of real guarantees regarding preexisting obligations or others to replace them, within the six months prior to the date of commencement of the reorganization and insolvency proceeding;
 - d) Payment or other acts of extinguishment of obligations whose maturity was subsequent to the date of commencement of the reorganization and insolvency proceeding, occurring within the six months prior to the date of commencement of the proceeding, or after that date but prior to the maturity;
 - e) Payment or other form of extinguishment of obligations made within the six months prior to the date of commencement of the reorganization and insolvency proceeding on terms not usual in legal commerce and which the creditor could not demand;
 - f) Acts for consideration performed by the debtor within one year prior to the date of commencement of reorganization and insolvency proceedings in which the obligations undertaken by him manifestly exceed those of the counterparty ;
 - g) Reimbursement of shareholders' loans, when it takes place within the same period mentioned in the preceding paragraph.
3. The following acts shall be deemed prejudicial to the Acquis, unless proven otherwise:
- a) Bail, suretyship, guarantee and credit mandates granted by the debtor during the period mentioned in the preceding paragraph and which do not concern business operations of real interest to him ;
 - b) Constitution by the debtor of real guarantees simultaneously with the creation of the guaranteed obligations, within the 60 days prior to the date of commencement of the insolvency reorganization process;
 - c) Acts entered into with persons especially related to the debtor within the two years prior to the date of commencement of the reorganisation and insolvency proceedings.
4. Acts performed by the debtor that are considered to result from the normal exercise of the activity of the respective company may not be terminated.

Article 68
Form of termination and statute of limitations

1. It is incumbent on ARI to file a judicial action aimed at termination of the act, which shall be brought within six months from the date of knowledge of the act, but in no case later than two years from the date of the declaration of opening of the proceedings.
2. While, however, the transaction has not been executed, the resolution may be declared, without dependence of time limit, by way of exception.
3. The resolution action follows the terms of the common procedural incident.

Article 69

Enforceability to transferees

1. Enforceability of termination of the act against subsequent transferees presupposes that they are acting in bad faith, except in the case of universal successors or if the new transfer has occurred free of charge.
2. The provisions of the preceding paragraph are applicable, with the necessary adaptations, to the constitution of rights over assets transferred for the benefit of a third party.

Article 70

Effects of termination

1. Termination has retroactive effects and the situation that would have existed if the act had not been performed or omitted, as the case may be, shall be reconstituted.
2. A third party who fails to present the assets or values that are to be returned to the Collection within the time limit established in the decision shall be subject to the penalties provided for in the procedural law for a depositary of seized assets who fails to deliver them in due time.
3. Restitution of the object provided by the third party shall only take place if it can be identified and separated from those belonging to the remaining part of the Collection.
4. If the circumstance provided for in the previous paragraph does not occur, the obligation to restitute the corresponding amount constitutes a debt of the proceedings to the extent of the respective enrichment on the date of declaration of opening of proceedings, and a debt of the Collection with respect to any remaining part.

Article 71

Annulment proceedings

1. Creditors are forbidden to file new actions to contest actions against acts performed by a debtor whose termination has been requested by ARI.
2. Actions for impeachment by annulment pending on the date of declaration of opening of the proceedings or filed afterwards shall not be joined to the proceedings and, where termination has been requested by ARI, they shall only continue their terms if such termination is dismissed by the Court.
3. Once the opposition proceedings have been upheld, the interest of the creditor who initiated the proceedings shall be evaluated, for the purposes of Article 550 of the Civil Code, with abstraction of the modifications introduced to his or her credit by a possible recovery and insolvency plan.

TITLE IV

Determination of Assets and Claims

Chapter I

Determination of the Acquis

Article 72

Debtor's assets

The debtor's assets comprise all his assets and rights at the date of the declaration of opening of proceedings as well as those acquired by him while the proceedings are pending.

Legally unseizable assets shall not form part of the assets, unless the debtor voluntarily produces them and the unseizability is not absolute.

The debtor's assets shall be used to pay the respective creditors after the debts of the proceeding have been paid.

Chapter II

Creditors of the Collection

Article 73

Claims on the Collection

1. For the purposes of this Code, creditors of the Collection are, irrespective of nationality or domicile, all holders of claims of a patrimonial nature against the Collection, or guaranteed by assets of the Collection, whose basis is prior to the date of the declaration of the opening of the proceedings.
2. Those who, while the proceedings are pending, acquire claims referred to in the preceding paragraph are equivalent to creditors of the Acquis.
3. Claims on the Acquis are classified according to the following classes: labour, secured, privileged, common and subordinated.

Article 74

Labour claims

Labour claims are those relating to workers' remuneration and respective default interest, as well as compensation arising from termination of the employment contract, which shall enjoy preference in payment, even in relation to claims of the State.

Article 75

Secured claims

1. Secured claims shall be those that benefit from a guarantee in rem or a special privilege, up to an amount corresponding to the value of the assets covered by the guarantees or privileges, taking into account any prevailing encumbrances.
2. The amount of the credits referred to in the previous paragraph that exceeds the value of the assets object of the guarantees or privileges shall be classified in accordance with the regime that would be applicable to the part that does not benefit from the guarantee.
3. The balance referred to in the previous subsection shall be an estimated value until it is replaced by the actual balance calculated after liquidation of the respective assets.

Article 76

Privileged Claims

Privileged claims are those that benefit from general credit privilege, whether movable or immovable, on the assets forming part of the Collection, up to the amount corresponding to the value of the assets subject to such privilege, taking into account any prevailing encumbrances.

Article 77

Subordinated Claims

The following are subordinated claims, ranked in the order set forth below, after the other claims on the Acquis:

- a. claims held by persons especially related to the debtor, provided that the special relationship existed at the time of their establishment, and by those to whom they have been transmitted within two years from the commencement of the proceedings;
- b. credits whose subordination has been agreed upon between the parties;
- c. claims relating to benefits provided by the debtor free of charge;
- d. Claims on the Acquis that, as a consequence of the resolution in favour of the Assets, result for the third party in bad faith;
- e. claims for shareholder loans.

Article 78

Persons especially related to the debtor

1. The following are considered to be specially related to the debtor as an individual:
 - a) His spouse and the persons from whom he was divorced within the two years prior to the commencement of the proceedings;
 - b) The ascendants, descendants or siblings of the debtor or of any of the persons referred to in the preceding subparagraph;
 - c) The spouses of ascendants, descendants or siblings of the debtor;
 - d) Persons who have habitually lived with the debtor in common economy during a period of two years prior to the commencement of the proceedings.
2. The following are considered to be especially related to the debtor as a legal person:
 - a) Partners, associates or members who are legally liable for their debts and persons who have had that status during the two years prior to the commencement of proceedings;
 - b) Persons who, if applicable, have been in a group relationship with the debtor, as provided for in the Companies Code, or in a control relationship, as defined in paragraphs 3 and 4, during the two years prior to the commencement of the proceedings;
 - c) The directors, de jure or de facto, of the debtor and those who have been directors at some time in the two years prior to the commencement of the proceedings;
 - d) The persons related to any of those mentioned in the preceding subparagraphs in any of the ways referred to in paragraph 1.
3. For the purposes of this Code, a relationship of control is deemed to exist between an individual or corporate body and a company when, regardless of domicile or registered office being located in Timor-Leste or abroad, the former may exercise, directly or indirectly, a dominant influence over it.
4. There is, in any case, a relation of dominion when a natural person or legal entity, directly or indirectly:
 - a) Has a majority shareholding in the share capital;
 - b) Has more than half of the votes;
 - c) Can exercise the majority of the voting rights, under the terms of a shareholders' agreement;
 - d) Has the power to appoint or dismiss more than half of the members of the administrative organ or of the supervisory organ.
5. In cases where insolvency concerns only autonomous assets, the respective holders and directors are considered to be specially related persons, as well as those who are linked to them by any of the forms provided in the preceding numbers.
6. In the case of an estate in abeyance, those connected to the person whose estate is being administered by one of the means provided for in paragraph 1, on the date on which the succession opened or in the two previous years.

Article 79
Common claims

Common claims are all other claims against the debtor not included in the preceding articles.

Article 80

Contingent Claims

1. Any of the claims referred to in the preceding Articles may be contingent claims.
2. Contingent claims are considered to be those in which the constitution or effectiveness and subsistence are subject to the verification or non-verification of a future and uncertain event, whether by operation of law, court decision or legal transaction.
3. The first group of cases referred to in the preceding paragraph, considered as credits under suspensive contingency, are namely:
 - a) those resulting from a possible rescission or termination of acts, by ARI, for the benefit of the Acquis, as long as the same has not been definitively decided;
 - b) claims that cannot be enforced against the debtor without prior excussion of the assets of another;
 - c) claims secured by the assets of the Collection for which the debtor is not personally liable, as long as the debt is not payable.
4. The second group of cases mentioned in paragraph 2, considered as claims under resolute contingency, shall be treated as non-contingent until such time as the condition is met, without prejudice to the duty to refund payments received, whatever the condition may be.

Chapter III

Process Debts

Article 81

Debts from Proceedings

1. Unless otherwise expressly provided, the following, besides others qualified as such in this Code, are procedural debts:
 - a) The costs of the proceedings;
 - b) The remuneration of the NRI and his expenses;
 - c) Debts arising from acts of administration, liquidation and partition of the Collection;
 - d) Debts arising from the actions of the IRO and the provisional administrator in the exercise of their functions;
 - e) Debts arising out of the debtor's professional activity after the declaration of opening of proceedings;
 - f) Any debt arising from a bilateral contract, the cancellation or termination of which is not requested by the ARI, except insofar as it relates to a period prior to the declaration of the opening of proceedings;
 - g) Debts having as source the unjust enrichment of the Acquis;

- h) Maintenance obligations relating to a period subsequent to the date of declaration of opening of the proceedings.
- 2. The amount of the maintenance obligation borne by the debtor may be modified by the judge in an equitable manner taking into account the needs of the person to be maintained and the possibilities of the Collection to provide it.
- 3. The claims corresponding to the debts of the proceeding and the holders of such claims shall be designated as proceeding claims and proceeding creditors, respectively.

TITLE V

Negotiation Phase with Creditors

Article 82

Start and deadline for negotiation with creditors

- 1. With publication of the declaration of opening of the proceedings, a negotiation phase with creditors (NECRE) shall commence, with a view to approval of a reorganisation plan.
- 2. Only creditors of the debtor may participate in the negotiations.
- 3. The duration of NECRE shall be 90 days, and it may be extended, at one time, for 30 days.
- 4. The extension of the term shall be decided by the ARI, after hearing the debtor.

Article 83

Conducting negotiations

- 1. It is incumbent on the ARI, with the collaboration of the debtor, to conduct negotiations, establishing the respective rules, guiding and supervising the course of the work and its regularity, ensuring that all creditors may participate and that the negotiations are carried out in a transparent and equitable manner, ensuring that no dilatory, useless or, in general, harmful expedient is adopted.
- 2. During negotiations, the debtor shall provide all relevant, updated and complete information to its creditors and to the ARI.
- 3. The same obligation as provided for in the preceding paragraph shall fall on ARI in relation to the debtor and the creditors.
- 4. The debtor, as well as his legal or de facto directors, where the debtor is a legal person, and the ARI shall be jointly and severally liable for losses caused to his creditors due to lack of or incorrect communication or information provided to them.

5. The process aimed at enforcing the liability referred to in the previous point shall follow the terms of the common procedural incident.

Article 84 **Protection of Process Creditors**

1. Creditors who, in the course of the proceedings, finance or otherwise assist the activity of the debtor by making funds or other means available to him or her with a view to enabling him or her to continue his or her business in the short and medium term are considered to be creditors of the proceedings.
2. The transactions referred to in the preceding paragraph, as well as the guarantees agreed upon between the debtor and his creditors associated with such transactions, are not subject to termination during a two-year period, within the scope of reorganization and insolvency proceedings.

Article 85 **Closure of NECRE**

1. NECRE shall be closed after the period of time provided for in Article 82 has elapsed or when the BRI, at the proposal of the ARI, determines its closure before the expiration of such period of time as it considers that it is unlikely that:
 - a) the submission or approval of a recovery plan; or
 - b) the submission of any other plan besides the one that has already been submitted.
2. The decision to close NECRE shall be published on the BRI website, under the terms of Article 11(5), and personally notified to the debtor.

TITLE VI **Establishment of claims**

Chapter I **Claims, verification and ranking of claims**

Article 86 **Lodging of Claims**

1. Within the time limit stated for the purpose in the statement opening the proceedings, creditors, including the Public Prosecution Service in defence of the interests of the entities it represents, shall claim verification of their claims by petition, accompanied by all probative documents at their disposal, in which they shall indicate:
 - a) Their provenance, due date, amount of principal and interest;
 - b) The conditions to which they are subordinated, both suspensive and resolute;

- c) Their subordinated, common, privileged or guaranteed nature and, in the latter case, the goods or rights which are the object of the guarantee and the respective data for their registration, if applicable;
 - d) The existence of any personal guarantees, with identification of the guarantors;
 - e) The applicable rate of default interest.
2. The application shall be addressed to the IRO and submitted to the BRI, by e-mail or other written form.
 3. The BRI shall sign upon delivery or send to the creditor claimant, within three days of receipt, proof of receipt by the same means used for sending the claim.
 4. For this purpose, the BRI forms shall be used.

Article 87

Verification of claims

1. The object of verification is all claims against the debtor, of whatever nature and on whatever grounds, and, without prejudice to the provisions of paragraph 1 of the following Article, even creditors whose claim has been acknowledged by a final decision shall not be exempt from claiming it in the reorganisation and insolvency proceedings if they wish to participate in the approval of the restructuring plan.
2. In the event of a declaration of insolvency of the debtor, verification of the claims is indispensable in order for the creditor to obtain payment in the proceedings.

Article 88

List of creditors acknowledged and not acknowledged

1. Within 10 days following the end of the claim filing period, ARI shall submit a list of all creditors it has acknowledged and a list of creditors not acknowledged, both in alphabetical order, to the BRI registry, in relation not only to those who have filed claims but also to those whose rights are contained in the debtor's accounting records or are otherwise known to it.
2. The list of creditors recognised shall contain the identification of each creditor, the nature of the claim, the amount of capital and interest at the date of the declaration of opening of proceedings, the personal and real guarantees, privileges, the applicable default interest rate and any suspensive or resolutive conditions.
3. The list of non-recognised creditors shall indicate the reasons justifying non-recognition.
4. The list drawn up by the ARI shall be published on the BRI portal.

5. All creditors claiming non-recognition as well as those whose claims have been acknowledged without having claimed them or under terms other than those of their claim shall also be notified personally by the IRI.
6. ARI shall attach to the process proof of publication and the communications referred to in the previous paragraphs.

Article 89

Challenging the list and reply to the challenge

1. Within 10 days following publication of the list with the list of claims or, as the case may be, of the communication referred to in paragraph 5 above, any interested party may challenge the list of acknowledged creditors by means of a petition addressed to the BRI, on the grounds of undue inclusion or exclusion of claims or inaccuracy in the amount or classification of the acknowledged claims.
2. Holders of contested claims shall be notified personally and the list of contested claims shall be published on the BRI portal.
3. ARI and any interested party, including the debtor, who takes a position contrary to that of the impugned claim may respond to any impugned claim.
4. Where, however, the challenge is based on the undue inclusion of a given claim in the list of acknowledged creditors, on failure to indicate the conditions to which it is subject or on the fact that it has been attributed an excessive amount or a higher rating than the correct one, only the holder himself may respond.
5. The response shall be filed within 10 days following the notification or publication referred to in paragraph 2.
6. The provisions of Article 17(5) shall apply to challenges and replies.

Article 90

Proceedings of oppositions and replies

1. The lists of claims acknowledged and not acknowledged by ARI, oppositions and replies shall be filed in a single joined file.
2. During the time period for oppositions and replies, the proceedings shall be kept at the BRI office for examination and consultation by interested parties.

Article 91

Instructive diligences

1. If verification of any of the claims requires production of evidence, BRI shall order the necessary proceedings to be concluded within 20 days from the end of the deadline for replies to oppositions.
2. The BRI may, at its discretion, determine that a hearing be held for which the debtor, the ARI or creditors may be summoned.

Article 92

Decision on Verification and Grading of Claims

1. If there are no objections, the BRI shall immediately pronounce a decision on verification and ranking of claims in which, except in the case of manifest error, it shall ratify the list of acknowledged creditors drawn up by the ARI and rank the claims in accordance with the contents of the list.
2. In the event of objections, once the time limit for replies thereto has elapsed and the probatory proceedings have been concluded, where applicable, the BRI shall, within 10 days, issue a decision on verification and ranking of claims.
3. Claims included in the respective list and not contested shall always be considered verified.
4. Other claims that may be verified in the light of evidence contained in the case file shall also be considered verified.
5. Graduation shall be special for assets to which in rem rights of guarantee and privileged claims refer and general for the remaining assets of the Collection.
6. In the graduation of claims, preference resulting from judicial mortgage or from attachment shall not be taken into consideration, but the costs paid by the creditor in the legal action in which he or she is plaintiff or creditor shall constitute debts of the proceedings.
7. Where there is an appeal to the Court, the BRI shall draw up a new list that complies with the Court's decision.

Chapter II

Separation and Restitution

Article 93

Separation and restitution

1. Assets in the possession of the debtor over which he does not have full and exclusive ownership or are alien to the Collection or cannot be seized, shall, if they can be separated from the Collection, be returned by the debtor or by ARI, where the latter is not in administration of his assets, to their legitimate owners at their request.

2. The provisions on claim and verification of claims shall apply, with the necessary adaptations, to separation and restitution of assets.
3. Restitution being impossible, the aggrieved holder may choose between demanding the assignment of the right to receive consideration, if the counterparty has not yet realised it, or demanding the credit corresponding to the valuation of the respective assets or their sale, whichever is greater.
4. The credit referred to in the preceding paragraph has the nature of a credit on the assets if the fact that prevented restitution was prior to the declaration of opening of the proceedings, and shall be considered a credit on the proceedings if such fact occurred at a later moment.
5. If the debtor continues to administer his assets, the regime provided for in Paragraph 1 above shall only apply if, for any reason, the title legitimating the debtor's detention or possession of the asset is extinguished.

Article 94

Time Limit for making Separation and Restitution Claims

The right of separation or restitution of property may be exercised at any time.

Chapter III

Subsequent Verification

Article 95

Subsequent verification of claims

1. Once the time limit for claims has expired, other claims may still be acknowledged in order to be dealt with in the proceedings by means of a petition addressed to the BRI.
2. Such request shall be personally notified to the debtor, the ARI and, through the BRI portal, to all creditors, who shall be considered notified after five days from the date of publication.
3. The right to lodge other claims may only be exercised within six months following publication of the declaration of opening of the proceedings on the BRI portal, provided for in Article 37, or within three months following the respective constitution if it ends later.
4. Those who have been personally notified under the terms of Article 89(2) may not file a request for further verification of claims.
5. The provisions of Articles 87 to 92 shall apply, with the necessary adaptations, to the subsequent verification of claims.

Chapter IV Judicial Protection

Article 96 Appeal to the Court

The decision of the BRI on the verification and ranking of claims, separation and restitution of property as well as on the subsequent verification of claims shall be subject to appeal to the Court, which shall be heard and decided in accordance with the rules of ordinary procedural proceedings.

TITLE VII Plan of Reorganisation

Chapter I Presentation and Contents

Article 97 Reorganisation plan

1. Payment of claims on the assets, liquidation of the assets and their apportionment among the holders of such claims and the debtor, as well as the debtor's liability after termination of the PRI, may be regulated in a reorganisation plan.
2. The plan may only affect the legal sphere of the interested parties in a different manner, or interfere with the rights of third parties, to the extent expressly authorised by this Code or consented to by the interested parties.

Article 98 Presentation of the proposed plan

1. ARI, the debtor and any creditor or group of creditors whose claims represent at least one fifth of the total non-subordinated claims may present a proposal for a reorganisation plan, in accordance with the list prepared by the BRI or, where applicable, by the Court.
2. The plan shall be presented to the BRI during the NECRE or within a maximum period of five days after its closure.
3. When the recovery plan is drawn up by the IRO, it shall hear the workers' representatives and the debtor as well as take into account the guidelines that resulted from the NECRE.
4. Once the proposed plan has been presented, the BRI shall notify the debtor and the ARI, if they are not proponents, to give their opinion on it within 10 days.

Article 99
Absence of plan and declaration of insolvency

If no recovery plan proposal is presented, the BRI shall immediately declare the debtor insolvent.

Article 100
Contents of the plan

1. 1 - The reorganisation plan shall clearly mention the changes arising from it in relation to the legal positions of the creditors.
2. 2 - The reorganisation plan, except with the consent of the affected creditors, may not provide that creditors of a lower class may receive any distribution or retain any participation before creditors of a higher class are fully paid.
3. 3 - The reorganisation plan shall also indicate its purpose, describe the measures required for its implementation, already performed or yet to be performed, and contain all relevant elements for purposes of its approval by the creditors and homologation by the judge, namely:
 - a) A description of the debtor's asset, financial and debt situation;
 - b) An indication on whether the means for satisfying the creditors will be obtained through the recovery of the holder of the company or through the transfer of the company to another entity;
 - c) In case the continuation of the company as a going concern, owned by the debtor or a third party, and payments to creditors at the expense of the respective earnings, shall indicate the elements that allow for the assessment of the economic and financial viability of the continuation of the company's activity
 - d) The expected impact of the proposed changes, by comparison with the situation that would occur in the absence of any recovery plan.

Article 101
Measures with impact on Liabilities

The reorganization plan may, inter alia, contain the following provisions affecting the debtor's liabilities:

- a) Forgiveness or reduction of the value of claims on the Collection, both as to capital and interest;
- b) The conditioning of the reimbursement of all claims or part thereof on the debtor's available funds;
- c) The modification of the maturity dates or interest rates of claims; (d) the provision of guarantees;
- d) The provision of guarantees;
- e) The assignment of assets to creditors;

Article 102

Effects of Approval of the Plan on Claims

1. In the absence of express regulation to the contrary in the plan approved by the creditors, the reorganisation plan shall have the effects established in the following subsections.
2. Rights arising from in rem guarantees and privileged claims shall not be affected by the plan.
3. Subordinated claims shall be considered as fully waived.
4. Compliance with the plan shall exonerate the debtor and those legally responsible from all remaining debts.

Article 103

Specific Provisions for Commercial Companies

1. If the debtor is a commercial company, the reorganisation plan may be conditioned to the adoption and execution by the competent company bodies of any measures, without prejudice to Section 106.1.
2. The following measures, among others, may be adopted by the creditors in the reorganisation plan:
 - a. a reduction of share capital to cover losses, including to zero or another amount lower than the minimum established by law for the respective type of company, provided that, in this case, the reduction is accompanied by an increase of capital to an amount equal to or higher than that minimum
 - b. an increase of share capital, in cash or in kind, to be subscribed by third parties or creditors, namely by means of conversion of credits into shares, with or without respect for the pre-emption right of shareholders provided for by law or the articles of association
 - c. the amendment of the articles of association
 - d. transforming the company into another company of a different type
 - e. the modification of the company bodies;
3. Reduction of capital to zero is only admissible if all partners or shareholders agree to it or if it is assumed that, in a full liquidation of the company's assets, there would be no remainder to be distributed among the partners or shareholders.
4. Approval of capital increase without granting preference to shareholders, even if by contributions in kind, presupposes that the capital of the company is previously reduced to zero;

5. The adoption of the measures mentioned in paragraphs (c) to (e) of subsection 2, unless the capital has been reduced to zero or all shareholders have been excluded, depends, cumulatively, that:
 - a) the reorganisation plan also includes an increase of the company's capital intended, in whole or in part, for non-members;
 - b) such measures may, in accordance with the law, be decided at a general meeting of shareholders, and that the majority for that purpose, established in the law or in the articles of association, shall apply to all creditors and participating third parties.

Section 104

Reorganisation by Transfer

The reorganisation plan that provides for the formation of one or more companies, herein called new company or companies, for the operation of one or more establishments acquired from the Assets for an adequate consideration shall contain, in an annex, the articles of association of the new company or companies and shall provide for the appointment of the company bodies.

Section 105

Proposal with Alternative Content

If the reorganisation plan offers to all creditors, or to one or some of them, several alternative options, it shall indicate which one is applicable if, within the time limit set for the purpose, the faculty of choice is not exercised.

Section 106

Acts Prior to Approval and Conditions

1. The attachment of suspensive conditions to the recovery plan is only lawful in the case of the performance of instalments or the execution of other measures that have to take place before homologation by the judge.
2. If the insolvency plan contemplates an increase of the share capital of the debtor company or a reorganisation by transfer, the subscription of the corporate shares shall occur prior to ratification, as well as the full payment of the contributions in cash, by means of a deposit made to the order of the BRI, the issue of statements of transfer of the contributions in kind and the verification of their value by the statutory auditor appointed in the plan.
3. No resolute conditions may be attached to the recovery plan, without prejudice to the provisions of Article 122 on non-fulfilment of the plan.

Article 107

Consents

1. The proposal of a plan of reorganisation of an individual, according to which he or she should continue to operate the company, shall be accompanied by a declaration by the debtor of his or her availability for the purpose, except when he or she is the author of the proposal.
2. The payment of assets in payment of the credits, the conversion of the latter into capital or the transfer of the corresponding debts to third parties with discharging effects for the former debtor shall depend on the written consent of the holders of the credits in question, the provisions of the final part of Article 10.2 being applicable.
3. For the purposes referred to in the previous paragraph, the value of the assets in question shall be evaluated by the IRI, which may request the assistance of an independent expert.
4. The transfer of debts, corresponding to common or subordinated credits, where the new debtor is the new company or companies arising from the acquisition of establishments, in accordance with Section 104, shall be exempt from the provisions of subsection 2 above.

Section 108

Admission of the Proposed Reorganisation Plan

1. The BRI may not admit the recovery plan proposal when there is:
 - a) Violation of the precepts on legitimacy to present the proposal or on the content of the plan and the defects are insurmountable or are not remedied within the reasonable time limit it establishes for the purpose;
 - b) The approval of the plan by the creditors' meeting or a possible subsequent homologation by the judge is manifestly improbable;
 - c) The plan is manifestly unfeasible;
2. The decision on the admission of the reorganisation plan proposal may not be appealed.

Chapter II

Approval and Ratification

Section I

Meeting of Creditors

Article 109

Meeting of Creditors

1. Upon closure of NECRE and after presentation of a plan, BRI shall convene a meeting of creditors to be held within 30 days.
2. The call notice shall be published on the BRI portal.

3. The creditors' meeting, chaired by the BRI, shall discuss and vote on the recovery plan proposals or decide on the declaration of insolvency of the debtor.

Article 110

Participation in the Creditors' Meeting

1. All creditors of the Acquis, verified as such by the BRI under Article 92, as well as joint co-debtors or guarantors of the debtor who, pursuant to Article 60, may not exercise their right in the proceedings, shall have the right to participate in the meeting of creditors.
2. Holders of subordinated claims shall be entitled to participate in the meeting, with the limitations provided for in Article 113, paragraph 3.
3. Process creditors are not entitled to participate in the meeting.
4. Creditors may be represented by proxies with special powers for the purpose.
5. If necessary for the convenient progress of the proceedings, the BRI may limit participation in the meeting to holders of claims that reach a certain amount, which may not be set at more than USD 5,000.00. Affected creditors may be represented by another creditor whose claim is at least equal to the set limit, or may group together in order to complete the amount required and participate through a common representative.
6. ARI, the debtor and its directors have the right and the duty to participate.
7. The Public Prosecutor's Office shall also be allowed to participate in the meeting.

Article 111

Suspension of the Assembly

The IAB may, exceptionally, decide to suspend the proceedings of the meeting for a single session and order that they be resumed within the following 15 days.

Section 112

Amendments to the Reorganization Plan at the Creditors' Meeting

The reorganization plan may be modified at the meeting itself, and put to vote at the same session with the amendments made, provided that the amendments, although substantial as to particular aspects of regulation, do not conflict with the very core or structure of the plan or with the purpose pursued.

Article 113

Votes

1. Credits, if already verified by final decision, shall confer one vote for each dollar or fraction.
2. The number of votes granted per claim under suspensive contingency shall be established by the BRI, taking into account the probability of verification of the contingency.
3. Credits with real guarantees covering assets of the debtor but where the latter is not personally liable for the corresponding debts shall carry one vote for each dollar of their amount or the value of the asset given as guarantee, if lower.
4. At the request of the interested party, the BRI may grant votes to contested claims on which a final decision has not yet been taken and shall fix the respective amount by considering all relevant circumstances, namely the probability of existence, the amount and the subordinate nature of the claim and, in the case of claims under suspensive condition, the probability of the condition being met.
5. The decision by BRI provided for in the preceding paragraph may only be appraised by the Court in the judgment ratifying the decision by the meeting of creditors.
6. The following shall not confer voting rights:
 - a) Credits that are not modified by the operative part of the plan;
 - b) Subordinated claims of a certain level, if the plan decrees the full forgiveness of all claims of a hierarchically lower level and does not attribute any economic value to the debtor or to the respective partners, associates or members, as applicable.
7. The provision of paragraph a) of the preceding subsection shall cease if, by application of that provision, in conjunction with that of paragraph b), all claims would result in the deprivation of the right to vote.
8. The reorganisation plan shall be considered, in particular, to attribute value to the shareholders of a commercial company if the latter will continue to operate the company and the plan does not contemplate a reduction to zero of the respective capital.

Section 114

Voting on the Plan

1. Voting on the plan may be done in writing, in which case the vote shall be received by the beginning of the meeting, or in person at the meeting itself.
2. Written votes shall be sent to the ARI and may be modified up to the time the meeting is held.
3. ARI shall, whenever requested by any interested party, namely the debtor, inform the direction of the votes in writing received up to the moment the information is requested.

4. The reorganisation plan shall be considered approved when voted for by creditors whose claims represent at least 65% of the total claims related to voting rights contained in the list of claims prepared by the BRI, in accordance with Article 92.
5. If the plan includes a reduction of credits of over 50% or a moratorium of over 5 years, the plan shall only be considered approved if voted in favour by creditors whose credits represent at least 75% of the total credits related to voting rights contained in the list of credits drawn up by BRI, pursuant to Article 92.
6. For the purposes of the provisions of the preceding paragraphs, abstentions shall not be considered in the calculation of votes cast.
7. If requested by one or more creditors in the meeting, BRI may grant an additional time period, which may not exceed 10 days, for voting in writing, and the date and time for opening the votes shall be immediately established.
8. A written vote, addressed to the BRI, shall contain the approval or rejection of the proposed recovery plan; any proposal for modification of the plan or conditioning of the vote shall be equivalent to rejection of the plan.

Section 115

Result of Resolution by the Meeting of Creditors

1. BRI shall declare the result of the decision, of approval or rejection of the plan, taking into account the provisions of the previous Section and the reasons that may lead to non-approval of the plan as provided for in Articles 117 and 118.
2. The BRI shall forward the decision on the plan to the Court for endorsement.
3. The IRI, the debtor or a debtor who did not vote on the winning resolution may appeal to the Court, alleging the grounds on which they consider that the result declared by the IRO should have been different.
4. The regime of common procedural incidents shall apply to the appeal referred to in the previous subsection.

Section II

Ratification of the Decision of the General Meeting

Section 116

Time Limit for Approval

The decision by the meeting shall be homologated by decision, which may only be pronounced at least 10 days after the date on which the result is declared by the BRI and within a period of time not exceeding 20 days from that date.

Section 117
Compulsory non-validation

1. The judge shall, of his or her own motion, deny ratification of the reorganisation plan approved at a meeting of creditors in the event of violation of procedural rules affecting the result of the vote or of rules applicable to its content and also when, within the reasonable time period he or she establishes, the suspensive conditions of the plan are not met or the acts or measures that should precede ratification are not performed.
2. In the case of defects that may be overcome, the judge may grant a time period for regularisation of the causes constituting the basis for refusal of homologation.

Article 118
Non-approval at the request of the interested parties

1. The judge shall also refuse homologation if requested by any interested party, who has expressed his opposition in the proceedings, prior to the approval of the reorganisation plan, provided that the applicant shows in plausible terms, in the alternative, that:
 - a) its situation under the plan is foreseeably less favourable than it would be in the event of liquidation, either through split liquidation or through the sale of the going concern, except as provided in paragraph 4;
 - b) The plan provides any creditor with an economic value superior to the nominal amount of his or her credits, plus the value of any contributions that he or she may have to make.
2. If the reorganisation plan has been the object of amendments in the meeting itself, it is not necessary for anyone not present or represented to express their opposition.
3. In the event of non-compliance with the requirement of testing the best interest of creditors provided for in paragraph a) of subsection 1 above, the judge shall request the BRI to determine the liquidation value.
4. Each category of creditors will be bound by what is approved in the plan if the measure affecting them is voted for by at least 65% of the total votes corresponding to the affected category.
5. The provisions of the preceding subsection shall not apply to labour and tax credits.

Article 119
Judgment

1. A judgment ratifying the reorganisation plan determines the termination of the proceedings, unless the plan provides otherwise.
2. In the case of a judgment homologating the decision of the meeting of creditors rejecting the plan or refusing to homologate the decision approving the plan, the court shall declare the debtor insolvent, determining the start of liquidation of the assets.

Article 120

Publicity

The decision ratifying or refusing ratification of the resolution of the meeting of creditors shall be published on the BRI website.

Chapter III

Execution of Plan

Article 121

General effects of ratification of the plan

1. With the homologation judgment of the plan, changes to the claims introduced by the reorganisation plan are effective, regardless of whether or not such claims have been claimed and verified.
2. The homologating decision shall confer effectiveness to any legal acts or transactions provided for in the reorganisation plan, regardless of the form provided for by law, provided that the necessary written statements of intention of third parties and creditors who have not voted in favour of the plan or that, under the terms of the plan, should be issued after approval, are included in the process, but waiving statements of intention of the debtor whose consent is not mandatory under the provisions of this Code and of the new company or companies to be formed.
3. The homologating judgement shall constitute, namely, sufficient title for:
 - a) The formation of the new company or companies and for the transfer in its favour of the assets and rights that it shall acquire, as well as for the completion of the respective registrations;
 - b) the reduction of capital, increase of capital, amendment of the articles of association, transformation, exclusion of shareholders and amendment of the corporate bodies of the debtor company, as well as for the respective registries.
4. The measures provided for in the reorganisation plan affecting the debtor's liabilities do not affect the existence or the amount of the rights of creditors against code debtors or third parties guaranteeing the obligation, but these parties may only act against the debtor, on a recourse basis, under the terms in which the creditor could exercise his or her rights against him or her.

Article 122

Non-compliance with the plan

1. Unless otherwise expressly provided for in the reorganisation plan, the moratorium or forgiveness provided for in the plan shall be without effect:
 - a) as regards a claim in relation to which the debtor is in default, if the payment, plus default interest, is not made within 30 days after written notice by the creditor;
 - b) as regards all the claims if, before the termination of the execution of the plan, the debtor is declared insolvent in a new proceeding.
2. Default by the debtor shall only have the effects provided for in subparagraph a) of the preceding paragraph if it concerns claims verified in the proceedings.
3. The effects provided for in paragraph 1 above may be associated by the plan with events of another type provided that they occur within a maximum period of three years from the date of the homologating judgement.
4. In the situation provided for in paragraph 1(a), the creditor may request the Court to declare the insolvency of the debtor, to which the regime of common procedural incidents shall apply.

TITLE VIII

Declaration of Insolvency and Liquidation

Chapter I

Declaration of Insolvency and its Effects

Article 123

Declaration of insolvency

1. A debtor's declaration of insolvency shall be pronounced by the BRI, in accordance with Articles 30(2) and 99, or by the court, in accordance with the provisions of Articles 119(2) and 122(4).
2. The declaration of insolvency shall be published and registered in accordance with Article 37.

Article 124

Effects on the insolvent

1. The declaration of insolvency shall immediately deprive the insolvent party, by himself or through his directors, of the powers to administer and dispose of the assets that comprise the Acquis, which shall become the responsibility of ARI, which shall represent the insolvent party for all property-related purposes of the proceedings, namely representation in any proceedings where issues of an exclusively property nature are discussed, without prejudice to the provisions of paragraphs 3 and 4 of Article 50.

2. The insolvent party shall be prohibited from transferring income or alienating future assets susceptible of attachment, of any nature whatsoever, even in the case of income obtained by him or assets acquired after the termination of the proceedings.
3. Where it is intended to dispose of the company as a whole, the BRI may, at the request of the ARI, the debtor himself or a creditor, maintain the powers of administration of assets by the debtor, in which case, the provisions of Articles 49 and 52 shall apply.
4. The decision of the BRI referred to in the preceding paragraph may be appealed to the Court, which shall be heard and decided in accordance with the rules of ordinary procedural incidents.

Section 125

Effects on Members of the Corporate Bodies of the Debtor

1. The members of the corporate bodies of the debtor, who is a legal person, shall cease their functions after the declaration of insolvency, except if, where the sale of the company as a whole is intended, the decision of the BRI is different at the proposal of the ARI or of a creditor and the members of the corporate body consent to it.
2. The decision of the BRI mentioned in the previous subsection may be appealed to the Court, which shall be heard and decided in accordance with the rules of common procedural rules.

Section 126

Effects on Assets

1. Except in cases where the debtor continues to administer the assets in accordance with Article 124.3, upon pronouncement of the declaration of insolvency, the BRI shall proceed with immediate seizure of all assets forming part of the assets, even if they have been:
 - a) Seized, pledged or in any way apprehended or detained, whatever the process, with the exception only of those that have been apprehended due to an infraction, whether criminal or of a mere social order nature;
 - b) Subject to assignment to creditors, under the terms of Articles 766 et seq. of the Civil Code.
2. Where the assets have already been sold, the apprehension shall relate to the proceeds of the sale.

Article 127

Delivery of Seized Goods

1. Unless the debtor retains the administration of the assets, under the terms of Article 124.3, the power of seizure results from the declaration of insolvency, and the ARI shall, without prejudice to the provisions of Article 713.1 and 713.2 of the Civil Procedure Code, endeavour to have the assets immediately delivered to him

so that he may become their custodian, the deposit being governed by the general rules and, in particular, by those governing the judicial deposit of seized assets.

2. The seizure shall be made by the IRI, assisted by the BRI and, whenever convenient, in the presence of the insolvent party himself.
3. The act of seizure shall be signed by the person who witnessed the procedure and by the possessor or holder of the seized assets or, where the latter is unable or unwilling to sign, by two witnesses who may be called.
4. 4. The regime provided by law for this situation shall apply to the eviction of a dwelling house where the insolvent usually resides.
5. Where there is opposition or resistance to the seizure, the CRI may request the BRI to request the assistance of the public force;
6. (6) Whenever the IRB encounters difficulties in seizing property, it may also request the Court to order the necessary measures to be taken for such purpose.
7. The IRB shall draw up a list of seized property with a description and evaluation thereof.
8. The sums received in cash by ARI, with the exception of those strictly necessary for day-to-day administrative expenses, shall be immediately deposited at a credit institution into a bank account opened in the name of BRI.

Article 128

Effects on legal and arbitration proceedings

1. Once insolvency has been declared, ARI shall replace the insolvent party and shall have exclusive standing to propose and pursue all actions brought on behalf of and against the insolvent party in matters relating to assets included in the Acquis and the outcome of which may influence their value.
2. Judicial and arbitration proceedings shall run their course in the respective courts.

Article 129

Extinction of enforcement actions

Enforcement actions suspended under the terms of Article 56 shall be extinguished with regard to the insolvent defendant as soon as the reorganisation and insolvency process is closed after the final apportionment, except for the purposes of exercising the legally prescribed right of reversion with regard to tax debts.

Article 130

Effects on recognized claims

1. Except where the debtor continues to administer his assets in accordance with Articles 141 and 142, the declaration of insolvency determines the maturity of all obligations of the insolvent party, with the exception of tax liabilities and those subject to a suspensive condition.
2. With the accelerated maturity of the obligation arising out of the declaration of insolvency, the amount of the credit shall be reduced by the amount which, calculated on the basis of the applicable legal rate, corresponds to the amount of interest relating to the period of anticipation.
3. In the case of a fractioned obligation, the provisions of the preceding paragraph shall apply to each of the instalments not yet due.
4. In the calculation of the period of advance maturity it shall be deemed to occur on the date on which the obligations become due, or on which it would probably occur, such date being undetermined.

Article 131

Suspension of the right of withholding

1. A declaration of insolvency determines the suspension of the exercise of the right of lien over the assets of the Collection and rights thereto, without prejudice to the provisions of tax, labour and social security laws.
2. After termination of the proceedings, if such assets and rights have not been disposed of, they shall be immediately returned to the holder of the lien whose claim has not been fully satisfied.

Chapter II

Appeal against Declaration of Insolvency

Article 132

Appeal against the declaration of insolvency

1. The decision of the declaration of insolvency handed down by the BRI or by the court may always be appealed.
2. Where there are appeals lodged by various entities, all of them shall correspond to a single process.
3. An appeal relating to the declaration of insolvency shall suspend the liquidation and sharing of the assets, without prejudice to the provisions of Article 142(2).

Article 133

Appeal against the decision rendered by the BRI

1. An appeal against a declaration of insolvency handed down by the BIS shall follow the regular procedural rules, with the following specific features.
2. The appeal may be based on facts or evidence that were not previously taken into account and that may refute the grounds for the declaration of insolvency, as well as on the allegation that, in light of the elements found, the declaration should not have been handed down.
3. The Court shall pronounce the decision within 30 days.
4. There shall be no appeal from the decision of the Court.
5. Once the decision is res judicata, the Court shall order that the case be remitted to the BRI.

Article 134

Appeal against the decision handed down by the Court

The appeal against the court decision pronouncing the declaration of insolvency shall follow the regime of appeals described in Article 19.

Article 135

Effects of revocation of the declaration of insolvency

The revocation of the declaration of insolvency shall not affect the effects of the acts legally practiced by the ARI.

Article 136

Appeal against a decision of rejection

An appeal may be filed with the court from the decision by the BRI to reject the declaration of insolvency, which shall follow the terms of the common procedural incident.

Chapter III

Liquidation

Article 137

Beginning of the Liquidation Phase

1. With the declaration of insolvency, the liquidation phase shall commence and the debtor shall be designated as insolvent.
2. The liquidation phase shall be processed at the BRI.

Article 138

Liquidation plan

1. Within 15 days after the declaration of insolvency, the ARI shall submit a liquidation plan to the BRI for the liquidation of the assets and rights included in the assets.
2. The liquidation plan shall contain:
 - a) the inventory referred to in Article 140;
 - b) The list of acknowledged claims and their respective graduation;
 - c) Opinion on the accounting and financial reporting documents;
 - d) Opinion on the modality of disposal, taking into consideration the provisions of the following article;
 - e) Any other elements or additional information that in its opinion may be important for the further processing of the process.
3. If justified by the complexity of the process, the IRO may request, on a one-off basis, an extension of the time limit to present the settlement plan.
4. The settlement plan shall be deposited at the BRI and its deposit shall be disclosed on the BRI website, with reference to the provisions of Article 141(1).

Article 139

Disposal of the company as a whole

1. The company included in the Assets shall be disposed of as a whole, unless there is no satisfactory proposal or unless the liquidation or separate disposal of certain parts is recognised as advantageous.
2. In the case of sale of the company as a whole:
 - a) the transfer of the legal positions of the insolvent, related to the activity of the company, does not depend on the consent of the counterparty;
 - b) The licenses related to the company's activity are transferred to the ownership of the purchaser;
 - c) debts related to the operation of the company shall not be transferred to the acquirer of the company.

Article 140

Inventory

1. ARI shall update the inventory of the goods and rights that comprise the Acquis, indicating their value, nature, characteristics, place where they are located, rights that encumber them and registration identification data, if applicable.
2. If the values of the assets or rights are different depending on whether or not there is continuity of the debtor's activity, ARI shall record both values in the inventory.

3. In the event of particular difficulty in valuing assets and rights, ARI may request the services of experts.
4. The inventory shall include a list of all disputes the outcome of which may affect its content, indicating the parties involved, object of the disputes and values.

Article 141

Examination of the Liquidation Plan

1. After presentation of the liquidation plan, the insolvent party and the creditors shall have a period of 10 days to present comments or proposals for modifications.
2. After the time period mentioned in the previous subsection, the BRI shall also have 10 days to approve the plan in the terms proposed by the ARI, with the amendments it considers appropriate.
3. Any creditor or group of creditors whose claims represent at least one fifth of the total unsubordinated claims may, disagreeing with the liquidation plan approved by BRI, appeal to the Court.
4. The appeal referred to in the preceding paragraph shall follow the terms of the common procedural incident.

Article 142

Initiation of sale of assets

1. Once the declaration of insolvency is res judicata and with the final decision on the liquidation plan, the IAB shall proceed promptly to sell all assets seized for the assets, to the extent that the plan does not foresee a different solution.
2. ARI shall, however, promote the early sale of assets of the Collection that cannot or should not be preserved because they are subject to deterioration or depreciation.

Article 143

Constitutionality and indivisibility

Once the right of restitution or separation of undivided assets has been verified or the existence of assets of which the insolvent is a joint holder has been ascertained, only the right that the insolvent has over such assets shall be liquidated in this process.

Article 144

Property of Disputed Title

If a claim, restitution or separation petition is pending with regard to assets seized for the Collection, such assets shall not be liquidated until a final decision has been given, except in

the case of anticipated sale or when there is consent of the interested party, plaintiff or claimant in the petition.

Article 145

Necessity of Consent

1. The practice of legal acts by ARI that have special relevance for the proceedings shall depend on the consent of the BRI.
2. In qualifying an act as being of special importance, the risks involved and their repercussions on the subsequent conduct of the proceedings and the prospects of satisfaction of the creditors of the insolvent party shall be taken into account.
3. Acts of special importance shall include, namely:
 - a) The sale of the company, of establishments or of the entire stock;
 - b) The disposal of any asset of the company for a price equal to or higher than \$10,000.00 (ten thousand US dollars) and representing at least 10% of the value of the Assets.

Article 146

Disposal modalities

1. As to the method of disposal of assets, ARI shall follow the regime foreseen in the enforcement proceedings, unless, with due justification and with the authorisation of the BRI, it is decided that another solution is more appropriate for the case.
2. The creditor with in rem guarantee over the asset to be sold shall always be heard on the modality of sale and informed of the base value established or the price of the sale projected to a specific entity.
3. If, within a period of 10 days, or later but in due time, the secured creditor proposes the acquisition of the asset, either by itself or by a third party, for a price higher than the planned disposal or the fixed base value, the ARI, if it does not accept the proposal, is obliged to place the creditor in the situation that would result from the disposal at that price, should it occur at a lower price.
4. The proposal provided for in the previous number shall only be effective if accompanied by a guarantee or payment, in favour of the Assets, in the amount of 20% of the amount of the proposal.
5. If the asset has been pledged as guarantee for a third-party debt, not yet due and for which the insolvent is not personally liable, disposal may take place with this encumbrance, except if this would prejudice satisfaction of the credit, with prevailing guarantee, already due or in respect of which such personal liability exists.

Section 147
Ineffectiveness of Acts

Violation of the provisions of the previous articles shall render the acts of ARI ineffective.

Article 148
Secured and Preferential Creditors

The provisions for the exercise of the respective rights in judicial sales shall apply to secured creditors acquiring assets included in the Collection and to holders of legal or conventional pre-emption rights with real effectiveness.

Article 149
Deposit of Liquidation Proceeds

1. As liquidation is being effected, the proceeds shall be deposited to the order of the Acquis in a bank account opened in the name of BRI.
2. Operation of the deposit, whatever its modality, shall only take place upon authorization by BRI.
3. Whenever relatively long periods of immobilization of deposited funds are foreseen, such funds shall be invested in risk-free modalities with the prior favorable opinion of BRI.

Article 150
Prohibition of acquisition

1. ARI may not acquire, either directly or through an intermediary, any assets or rights included in the Acquis, whatever the type.
2. Any IRI who breaches the provisions of the preceding paragraph shall be dismissed for just cause and shall return to the Collection any goods or rights illicitly acquired, without right to reimbursement of the payment made.
3. The provisions of paragraph 1 above shall apply to any BRI employee who, by committing the acts provided for in that paragraph, incurs disciplinary liability and is also obliged to return to the Collection any asset or right illicitly acquired, without right to reimbursement of the service provided.

Article 151
Duty of information

1. At the end of each three-month period starting on the date on which liquidation commences, the IRO shall inform the BRI in detail on the status of the liquidation and the steps taken.

2. The document presented referred to in the previous subsection shall be deposited at the IRB and shall be accessible for consultation by all creditors.
3. Unjustified failure to comply with this duty shall constitute just cause for dismissal of the IRO.

Section 152

Time Limit for Closing Liquidation

1. The time limit for the closure of liquidation shall be six months from the date of the final decision on the declaration of insolvency.
2. At the request of any interested party, the judge shall decree the dismissal, with just cause, of the IAR if the insolvency proceedings are not closed within the time limit established in the previous subsection.
3. However, the time period for terminating the process may be extended by the BRI for six-month periods where there are reasons justifying the extension.

Chapter IV

Payment to Creditors

Article 153

Payment of process debts

1. Before proceeding with the payment of claims on the Assets, the insolvency administrator shall deduct from the Assets of the Assets the assets or rights necessary to satisfy the debts of the proceeding, including those that are expected to arise until closure of the proceeding.
2. Process debts, which have priority over others, shall be paid on the respective due dates, regardless of the status of the process.
3. Payment of the process debts, which shall be made proportionally among them, shall be made, in the first instance, from the revenues of the Collection and, in case they cannot be paid by that means, from the proceeds of sale of assets that are part of the Collection.
4. In the case of assets subject to in rem guarantees, allocation to payment of process debts shall not exceed 10% of the proceeds from sale of such assets.
5. The limit provided for in the preceding paragraph shall not, however, apply if the amount exceeding it is indispensable for full satisfaction of the debts of the proceedings or if it does not prejudice total payment of the guaranteed claims.
6. Where separation and restitution of assets that have already been liquidated is requested, an amount equal to the proceeds of sale, which may be determined, or, where these cannot be determined, to the value stated in the inventory, shall be held

in deposit and excluded from payments to creditors of the proceeding and of the Collection until such claim has been finally decided; the provisions of Article 161(2) shall apply, with the necessary adaptations.

Article 154
Payment of Claims on the Acquis

Payment of claims on the Collection shall only cover claims that have already been definitively verified.

Article 155
Payment of Labour Claims

Without prejudice to the provisions of Article 153, the first claims to be paid shall be the labour claims provided for in Article 74.

Article 156
Payment to Secured Creditors

1. Except for the payments referred to in the preceding Articles, once the assets encumbered with in rem guarantee have been liquidated and the corresponding expenses have been deducted, payment to the secured creditors shall be made immediately, with due regard for the priority that corresponds to them.
2. If, with the operation mentioned in the preceding paragraph, there are secured claims that are not fully paid and to which the debtor is liable with the generality of his assets, the respective balances shall be included among common claims.
3. Prior to the sale of assets, the estimated balance recognized as a common claim is taken into consideration in the apportionments made among the common creditors, but the corresponding amount shall not be paid to the secured creditor until its actual balance is determined after the sale of the assets.
4. Payment of a third party debt, which is not yet due and which is guaranteed by an asset included in the Collection but for which the insolvent is not responsible, shall be subject to the following regime:
 - a) It shall not be made if the asset has been disposed of while maintaining the guarantee over it or if the respective holder renounces the guarantee;
 - b) It cannot exceed the amount of the debt, updated for the date of payment by applying paragraph 2 of Article 130;
 - c) It results in subrogation in the rights of the creditor, in the proportion of the amount paid in relation to the amount of the debt, updated under the same terms referred to in the previous sub-paragraph.

Section 157
Payment to Privileged Creditors

1. Payment of preferential claims shall be made proportionally at the expense of the assets not allocated to the payment of guaranteed claims, with due regard for the priority that falls to them.
2. The provisions of subsections 2 and 3 of the preceding Section shall apply, with the necessary adaptations.

Article 158
Payment to Common Creditors

Payment to common creditors shall take place in proportion to their claims if the Acquis is insufficient for their full satisfaction.

Article 159
Payment to Subordinated Creditors

1. Payment of subordinated claims shall only take place after common claims have been paid in full, and shall be made in the order in which those claims are listed in Article 77, in proportion to their respective amounts if the Acquis is insufficient for full payment.
2. In the event of agreed subordination, it is lawful for the parties to assign a lower priority to the claim than that arising from Article 77.

Article 160
Partial apportionment

1. Whenever there are amounts deposited that ensure a distribution of not less than 5% of the value of privileged, common or subordinated claims, the ARI shall submit to the BRI the apportionment plan and map that it considers should be carried out.
2. The BIS shall decide on the payments it deems to be justified.

Article 161
Payment in the case of joint debtors

1. When, in addition to the insolvent debtor, another debtor jointly and severally liable with him or her is in the same situation, the creditor shall not receive any amount without presenting a certificate proving the amounts received in the insolvency proceedings of the other debtors.
2. ARI shall inform the other insolvency proceedings of the payments made in the proceedings.

3. An insolvent joint debtor who settles the debt only partially may not be paid in the insolvency proceedings of the codebtors without the creditor being fully satisfied.

Article 162

Preventive Cautions

1. In the event of an appeal against the decision of the BRI on the verification and ranking of acknowledged claims, the claims of appellants shall be considered as conditionally verified, for the maximum amount that may result from the hearing of the appeal, for the purpose of being considered in the apportionments that are carried out, but the corresponding amount shall not be paid to them until the final decision on the appeal.
2. Whoever, through an appeal, has obstructed the withdrawal of any amount, and later declines to do so, shall compensate the injured creditors by paying late payment interest at the legal rates for the amount delayed, from the date of the allotment in which it was included.

Article 163

Claims under suspensive condition

1. Credits under suspensive condition shall be satisfied at their nominal value in the partial apportionment, but the amounts attributed to them shall remain deposited while the condition is pending.
2. In the final apportionment, however, if the condition is not fulfilled:
 - a) No consideration shall be given to a credit that is devoid of any value due to manifest improbability of verification of the condition, in which case the amounts deposited in accordance with the previous subsection shall be apportioned among the other creditors;
 - b) Should the situation described in the previous paragraph not occur, ARI shall deposit with a credit institution, to the order of BRI, the amount corresponding to the nominal value of the credit to be delivered to the holder, once the suspensive condition is met, or apportioned amongst the other creditors, once it is certain that such verification is impossible.

Article 164

Final Apportionment

1. Once the liquidation of the Acquis has been concluded, the ARI shall submit to the BIS a proposal for distribution and final apportionment, accompanied by the respective supporting documentation.
2. The distribution and final assessment shall be carried out by the BRI.
3. The closure of liquidation shall not be prejudiced by the fact that the insolvent party's activity generates income that would accrue to the Acquis.

4. The surplus of the liquidation, which does not even cover the expenses of the apportionment, shall be attributed to the IRB.

Article 165

Payment and statute of limitation

1. All payments shall be made, without the need for a request, by the BRI.
2. If, within one year counting from the date of notification to the creditor, payment is not requested from BRI or if the cheque issued for such purpose is not presented for payment, the respective credits shall be time-barred and the amounts shall revert to FRI.

Article 166

Remaining

1. If the proceeds of liquidation are sufficient for payment of all the credits on the proceedings and on the Collection, the balance shall be handed over to the debtor by ARI.
2. If the debtor is not a natural person, ARI shall deliver to the persons participating in it the part of the balance that would belong to them if the liquidation were carried out outside the insolvency proceedings, or comply with whatever is legally or statutorily provided otherwise.

TITLE IX

Special incidents

Chapter I

Qualification of the Insolvency Situation

Article 167

Types of insolvency

1. Insolvency shall be considered fortuitous, unless the court, at the request of the ARI, the BRI or any creditor qualifies it as culpable.
2. The qualification granted shall not be binding for the purposes of decision in criminal cases or in liability actions against the debtor or his administrators.

Article 168

Felonious Insolvency

1. Insolvency is culpable when the financial situation of the debtor has been created or worsened as a result of the actions, intentionally or with serious fault, of the debtor

or of his directors, de jure or de facto, in the two years prior to the commencement of the reorganisation and insolvency process.

2. The insolvency of a debtor who is not a natural person is always considered to be culpable when its directors, de jure or de facto, have:
 - a) destroyed, damaged, rendered useless, concealed, or caused to disappear, in whole or in a considerable part, the debtor's assets;
 - b) artificially created or aggravated liabilities or losses, or reduced profits, namely by entering into ruinous transactions for their benefit or for the benefit of persons especially connected with them;
 - c) Made use of the debtor's assets for personal benefit or for the benefit of third parties and to the considerable detriment of the company;
 - d) Undertaken, under the cover of the corporate personality of the company, if applicable, an activity for personal benefit or for the benefit of a third party and to considerable detriment of the company;
 - e) Made use of the credit or assets of the debtor contrary to the interest of the latter, for personal or third party advantage, namely to favour another company in which they have a direct or indirect interest;
3. Unless otherwise proven, the culpable insolvency of a debtor who is not a natural person shall be presumed when his or her directors, de jure or de facto, have:
 - a) failed in their duty to request the declaration of the opening of the proceedings;
 - b) repeatedly failed to comply with the duty to cooperate with the judge, BRI, ARI or creditors or failed to provide them with the necessary or convenient information in the interest of the proceedings
 - c) Purchased goods on credit, reselling them or delivering them in payment for a price substantially lower than the current one, before the obligation has been satisfied;
 - d) Continued, in their personal interest or in the interest of a third party, a loss-making operation although they knew or should have known that it would lead with great probability to a situation of insolvency;
 - e) Substantially breached the obligation to keep organized accounting, kept fictitious or double accounting records or committed irregularities, namely the failure to prepare or deposit annual accounts, with relevant prejudice to the understanding of the assets and financial situation of the debtor;
 - f) Failed to comply with the duty to prepare and submit the annual accounts, provided for under Article 48, no. 4;
4. The provisions of paragraphs 2 and 3 shall apply, with the necessary adaptations, to the actions of an insolvent natural person and his or her directors where the diversity of situations does not oppose it.

Article 169
Proceedings

1. Up to 15 days after the meeting of creditors, the ARI or BRI may request, in writing, in a petition filed as attachments, the declaration of insolvency as culpable.
2. Any creditor may present elements to the ARI or BRI for the purposes provided for in the preceding paragraph.
3. The requesting party shall allege the facts that it considers as grounds for the classification of the insolvency situation as culpable and indicate the persons that should be affected by such classification.
4. If there are no reasons for a preliminary dismissal, the judge, through an order, shall declare the incident of classification of the insolvency situation open.
5. The order mentioned in the previous number shall not be subject to appeal and shall be immediately published in the BRI portal.
6. Once the incident has been declared open, the IAR, within a period of 20 days, if a longer period is not set by the judge, shall present a duly reasoned and documented opinion on the relevant facts, which shall conclude with a proposal for classification and shall also identify, if applicable, the persons who should be affected by the classification of the insolvency situation as culpable.
7. The opinion of the IAR and the allegations of the petitioner shall be forwarded to the Public Prosecutor's Office for comment within 10 days.
8. Once the opinion of the Public Prosecutor's Office has been received, the judge shall immediately send a personal notification to the debtor and shall summons those who, in his or her opinion, should be affected by the classification of the insolvency situation as culpable to, if they so desire, oppose it within 15 days.
9. The notification and summons mentioned in the preceding paragraph shall be accompanied by the opinions of the IRI and the Public Prosecutor's Office and the documents supporting them.
10. The ARI, the BRI, the Public Prosecution Service and any creditor who takes a position contrary to that of the oppositions referred to in paragraph 8 above may respond to them within 10 days following expiry of the deadline referred to in the same paragraph.
11. The rules on common procedural incidents shall apply, with the necessary adaptations, to the proceedings of the incident of qualification.

Article 170

Judgment of qualification

1. The Court shall always issue a judgment qualifying the insolvency situation.
2. If nothing is requested in accordance with the previous Article, the Court shall qualify the insolvency situation as fortuitous.
3. If the insolvency situation is declared as culpable, the judge shall:
 - a) Identify the persons affected by the qualification, namely the debtor or his directors, de jure or de facto, as well as the persons referred to in paragraph 5, fixing, if applicable, the respective degree of fault;
 - b) Order the forfeiture of any claims on the Collection or on the proceeding held by the persons affected by the qualification and their conviction to restitute the assets or rights already received in payment of such claims;
 - c) Condemn affected persons to compensate losses caused to creditors of the debtor, such liability being joint and several among all affected persons.
4. Registration of the effects of the qualifying judgment shall be carried out ex officio by the BRI.
5. Persons who, with intent or serious fault, have cooperated with the debtor or his directors in the performance of any act that has been the basis for the qualification, namely the chartered accountants and certified public accountants, may also be covered by the classification of the insolvency situation as culpable.
6. When applying the provisions of paragraph 3(c), the judge shall fix the amount of compensation due or, where this is not possible because the court does not have the necessary elements to calculate the amount of the damage suffered, the criteria to be used for its quantification, to be carried out in liquidation of sentence.
7. In the sentence of qualification, the judge shall warn the persons affected by the qualification of the provisions of article 244, no. 1, paragraph b) of the Criminal Code.

Chapter II

Exoneration of Remaining Liabilities

Article 171

Application for Resignation of Remaining Liabilities

1. If the debtor is an individual, he or she may be granted exoneration of claims on the Acquis that are not fully paid in the reorganisation and insolvency proceedings or in the five years following their termination, in accordance with the provisions of this Title.

2. The petition for release of the remaining liabilities shall be presented before the court by the debtor within 15 days from the date of res judicata of the decision qualifying the insolvency as fortuitous.
3. The judge shall decide freely on the admission or rejection of a petition filed during a later period.
4. The petition shall contain an express statement that the debtor meets the requirements and is willing to comply with all the conditions required in the following articles.

Article 172

Preliminary rejection

The petition for exoneration is dismissed if:

- a) there is a final decision on the qualification as culpable;
- b) The debtor has already benefited from exoneration of the remaining liabilities in the 10 years prior to the date of commencement of the reorganization and insolvency proceeding;
- c) The debtor has been convicted by a final and conclusive decision of any of the crimes provided for and punished in Articles 276 and 277 of the Criminal Code in the 10 years prior to the date of commencement of the proceedings or after that date.

Article 173

Subsequent processing

1. If there is no reason for a preliminary dismissal, pursuant to the provisions of the previous article, the judge shall notify the IAR and the creditors, by publication on the website, to give their opinion, if they so desire, within 10 days.
2. Where the insolvency situation has been qualified as fortuitous, under the provisions of Article 170, paragraph 2, the court may dismiss the petition for discharge when:
 - a) The debtor, with intent or serious fault, has, within the three years prior to the date of the commencement of the proceedings, provided in writing false or incomplete information about his economic circumstances with a view to obtaining credit or subsidies from public institutions or in order to avoid payments to such institutions;
 - b) The debtor has failed to file and this delay has aggravated the insolvency situation, with prejudice to the creditors;
 - c) There is already in the process, or is provided until the moment of the decision, by the creditors or by the ARI, elements that indicate with all probability the existence of the debtor's guilt in the creation or aggravation of the insolvency situation;
 - d) The debtor, with intent or serious fault, has violated the duties of information, presentation and collaboration arising from this Code, during the recovery and insolvency proceeding.

Section 174
Initial Dismissal Order

If there is no reason to deny the petition for exoneration, the judge shall make an initial order stating that it shall be granted, provided that the conditions established in the following Section are met by the debtor, during the five years following the termination of the proceedings.

Article 175
Assignment of disposable income

1. The initial order of discharge shall determine that, during the five years following termination of the reorganisation and insolvency proceedings, in this chapter referred to as the assignment period, any disposable income earned by the debtor shall be deemed assigned to the IAR, under the terms and for the purposes of the following Article.
2. Without prejudice to the provisions of the following paragraph, disposable income shall include all income accruing to the debtor for any reason whatsoever.
3. Disposable income shall not include income that is reasonably necessary for:
 - a) The minimally dignified subsistence of the debtor and his family, which shall not be less than the amount of the national minimum wage nor exceed three times the national minimum wage, unless there is a reasoned decision by the judge to the contrary;
 - b) The exercise by the debtor of his professional activity;
 - c) Other expenses excepted by the judge in the initial order or at a later stage, at the debtor's request.
4. During the assignment period, the debtor shall also be obliged:
 - a) not to conceal or disguise any income he earns for any reason whatsoever and to inform the court and the ARI of his income and assets in the manner and within the period requested;
 - b) to exercise a paid profession and not to abandon it without legitimate reason and to diligently seek such profession when unemployed and not to unreasonably refuse any employment for which he or she is suited;
 - c) to hand over immediately to ARI, when received by him/her, the part of his/her income that is the object of the assignment;
 - d) to inform the court and the ARI of any change of domicile or employment conditions, within 10 days after the respective occurrence, as well as, when requested and within the same period of time, of the steps taken to obtain employment;
 - e) Not to make any payments to creditors of the Acquis other than through ARI and not to create any special advantage for any of these creditors.

5. The assignment provided for in paragraph 1 above shall prevail over any agreements excluding, conditioning or in any way limiting the assignment of assets or income of the debtor.
6. If an appeal is lodged against the initial exoneration order, the carrying out of the final apportionment shall only determine the termination of the proceedings after the decision has become final.

Article 176

Functions of ARI

1. ARI shall notify the assignment of income of the debtor to those from whom he or she is entitled to have it, and shall allocate the amounts received, at the end of each year during which the assignment lasts:
 - a) To the payment of the costs of the recovery and insolvency proceedings still outstanding;
 - b) To reimburse to FRI the remunerations and expenses incurred by ARI;
 - c) distribution of the remaining amount among the creditors of the Acquis, under the terms prescribed for payment to creditors in this Code.
2. ARI shall keep separate from its personal assets all amounts deriving from income assigned by the debtor and shall be liable with all its assets for any funds that it unduly fails to allocate to the purposes referred to in the preceding paragraph as well as for losses caused by such failure to distribute.
3. ARI shall monitor compliance by the debtor with his obligations and shall inform the BRI, the creditors and the Court in the event of any breach.
4. Every year, ARI shall submit to the judge a document containing succinct information on the status of the assignment of income.

Article 177

Equality of creditors

1. No executions on the assets of the debtor intended to satisfy claims on the Collection, prior to the date of the declaration of opening of proceedings, shall be allowed during the period of assignment.
2. Granting of special benefits to a creditor of the Collection by the debtor or a third party is null and void.
3. Set-off between claims on the Collection and debts to the debtor is only lawful under the conditions under which it would be admissible during the pendency of the proceedings.

Article 178
Early termination of the exoneration procedure

1. Even before the termination of the assignment period, the judge shall refuse exoneration, at the substantiated request of any creditor of the Acquis or ARI, when:
 - a) the debtor has maliciously or with serious negligence breached any of the obligations imposed on him or her by Article 175, thereby prejudicing the satisfaction of the claims on the Collection;
 - b) the existence of any of the circumstances referred to in Article 172 or in Article 173(2)(a), (c) and (d) is established, if it only came to the applicant's knowledge after the initial order or if it is supervening;
 - c) The decision of the incident of classification of the insolvency situation has concluded that the debtor was at fault in the creation or aggravation of such situation.
2. The petition may only be filed within one year from the date on which the petitioner became or could have become aware of the alleged grounds, and the respective proof shall be offered immediately.
3. Where the application is based on paragraphs a) and b) of subsection 1, the judge shall hear the debtor, the ARI and the creditors of the Collection before deciding the matter.
4. Discharge shall be refused if the debtor, without reasonable cause, fails to provide, within a time established, information proving compliance with his or her obligations or, after having been duly summoned, unjustifiably fails to attend the hearing where he or she should provide such information.
5. The judge, ex officio or at the request of the debtor or the ARI, shall also declare the incident closed as soon as all claims on the Collection have been fully satisfied.

Article 179
Final decision on discharge

1. In the absence of early termination, the judge shall decide within 10 days following the end of the assignment period whether or not to grant discharge of the remaining liabilities of the debtor, after hearing the debtor, the ARI and the creditors of the Collection.
2. Notification of interested parties, as provided for in the preceding paragraph, shall be made by publication on the BRI website.
3. Discharge shall be refused on the same grounds and subject to the same requirements as those on which it could have been refused in advance, under the terms of the previous Article.

Article 180
Effects of exoneration

1. Exoneration of the debtor shall entail cancellation of all claims on the Acquis that still subsist on the date on which it is granted, without exception of those that have not been claimed and verified, and the provisions of Article 121.4 shall apply.
2. Exemption does not, however, cover:
 - a) maintenance claims;
 - b) Compensation due for unlawful intentional acts committed by the debtor and claimed in that capacity;
 - c) claims for fines, fines and other pecuniary sanctions for crimes or administrative offences;
 - d) tax credits.

Article 181
Revocation of Final Exoneration Decision

1. A final decision of exemption of the remaining liabilities is revoked if it is proved that the debtor has committed any of the situations provided for in Articles 172 and 173, no. 2, or has maliciously violated his or her obligations during the period of assignment and for any of these reasons has materially prejudiced the satisfaction of the creditors of the Collection.
2. Revocation may only be requested until the end of the year following the res judicata of the exoneration order.
3. If the petitioner is a creditor of the Acquis, he or she must also prove not to have been aware of the grounds for revocation until the moment of transit.
4. Before deciding on the matter, the judge shall hear the debtor and the ARI.
5. Revocation of exoneration shall result in reconstitution of all extinguished claims.

Article 182
Publicity and Registration

Initial orders, exoneration, early termination and revocation of exoneration shall be published and registered, in accordance with Article 37.

TITLE X
Closure of proceedings

Article 183
When the process is closed

1. The BRI shall declare the closure of the process:

- a) after the completion of the final apportionment, without prejudice to the provisions of Article 175(1);
 - b) After the final and conclusive decision ratifying the recovery plan, if the content thereof is not opposed;
 - c) At the request of the insolvent party, when he or she ceases to be insolvent or when all creditors give their consent;
2. The decision to terminate the proceedings shall be notified to the creditors through publication on the BRI portal, in accordance with Article 37, indicating the determining reason.
 3. Within 10 days following closure, the ARI shall submit to the BRI for archiving all documentation relating to the proceedings in its possession as well as the debtor's accounting documents that are not to be returned to the debtor and shall register them, under the terms provided for in Article 37, indicating the determining reason.

Article 184

Closure of proceedings after the final assessment

1. Once the process is closed, after the accomplishment of the final assessment, the legal person shall be considered extinct.
2. In the case of a natural person:
 - a) All the effects resulting from the declaration of the opening of the proceedings cease, and the debtor recovers the right to dispose of his assets and freely manage his business, without prejudice to the effects of the classification of the insolvency as culpable;
 - b) The duties of ARI shall cease, with the exception of those related to the presentation of accounts;
 - c) With due regard for the decision on the discharge of the remaining liabilities, the creditors may exercise their rights against the debtor without any restrictions other than those stated in the reorganisation plan, and to that end, the homologating decision of the plan, as well as the decision on the verification of claims or the decision rendered in a subsequent verification action, in conjunction, if applicable, shall constitute an enforcement instrument;
 - d) Creditors may claim from the debtor their rights not satisfied.

Article 185

Closing of Proceedings with Ratification of the Plan

The final and unappealable judgment of homologation of the plan determines the closure of the proceeding, without prejudice to the regime provided for in relation to its non-fulfilment.

Article 186

Termination at the request of the insolvent

1. The request of the insolvent to terminate the proceedings based on the termination of the insolvency situation shall be notified to the ARI and the creditors, through publication on the BRI portal, so that they may, if they so desire, lodge an opposition within a period of ten days.
2. The provisions of Article 17, paragraph 5, shall apply to the insolvent party's request and oppositions.
3. A request by the insolvent not based on termination of the insolvency situation shall be accompanied by documents showing consent by all creditors that have claimed their claims, when presented after expiry of the time period granted for the purpose, or by all recognised creditors, in the opposite event.
4. If there is no reason for preliminarily dismissing the claim, the BRI shall take any measures it deems necessary to decide on the claim.
5. The decision of BRI may be appealed to the Court, to which the terms of the common procedural incident shall apply.

Section 187

Effects on Commercial Companies

1. If the termination of the proceedings is based on the approval of a recovery plan that foresees the continuity of the commercial company, the latter shall resume its activity independently of a decision by shareholders.
2. The shareholders shall, however, decide on the resumption of the activity if the closure is based on paragraph (c) of Section 183.1.

TITLE XI

Foreign Conflict of Laws and Insolvency Proceedings

Chapter I

Rules of conflicts

Article 188

Prevalence of other rules

The provisions of this Title shall apply to the extent that they do not conflict with the provisions of international treaties.

Article 189

General principle

In the absence of any provision to the contrary, reorganisation and insolvency proceedings and their effects shall be governed by the law of the State of Timor-Leste.

Section 190

Labour relations

The effects of the declaration of opening of proceedings on employment contracts and the employment relationship shall be governed exclusively by the law applicable to the employment contract.

Section 191

Rights of debtor over real estate and other assets subject to registration

The effects of a declaration of the opening of proceedings on a debtor's rights in immovable property, a ship or an aircraft subject to compulsory registration in a public register shall be governed by the law of the State under whose authority the register is kept.

Article 192

Contracts on immovable and movable property subject to registration

1. The effects of the declaration of opening of proceedings on contracts conferring the right to acquire rights in rem in immovable property or the right to use such property shall be governed exclusively by the law of the State in whose territory the property is situated.
2. Where the contract relates to a ship or an aircraft the registration of which in a public register is mandatory, the law of the State under whose authority the register is kept shall apply.

Article 193

Rights in rem and reservation of title

1. The effects of the declaration of opening of proceedings on rights in rem of creditors or third parties in respect of tangible or intangible, movable or immovable property, whether specific assets or collections of indefinite assets considered as a whole, the composition of which may change over time, belonging to the debtor and which, at the time of the opening of proceedings, are situated within the territory of another State, shall be governed exclusively by the law of that State.
2. The provisions of the preceding paragraph are also applicable to the rights of the seller in relation to goods sold to the debtor with reservation of title.
3. The declaration of the opening of proceedings in respect of the seller of an asset, after its delivery, shall not in itself constitute grounds for cancellation or rescission of the sale nor shall it prevent the purchaser from acquiring ownership of the asset sold, provided that, at the time of the opening of the proceedings, the asset is situated within the territory of another State.
4. The provisions of the preceding numbers do not prejudice the possibility of rescission or termination for the benefit of the Acquis, under the terms foreseen in this Code.

Article 194

Third-Party Acquirers

The validity of an act executed after the declaration of opening of proceedings whereby the debtor disposes, for consideration, of immovable property or a ship or aircraft whose registration in a public register is mandatory, shall be governed by the law of the State in whose territory the said immovable property is situated or under whose authority the said register is kept.

Article 195

Exercise of Creditors' Rights

1. Any creditor may exercise his rights both in the main reorganisation and insolvency proceedings and in any secondary proceedings.
2. A creditor who obtains payment in foreign insolvency proceedings may not be paid in pending proceedings in Timor-Leste until creditors of the same rank obtain equivalent satisfaction therein.

Section 196

Pending Proceedings

The effects of the declaration of the opening of proceedings on a pending lawsuit concerning an asset or a right forming part of the Collection shall be exclusively governed by the law of the State in which the lawsuit is pending.

Article 197

Compensation

A declaration of the opening of proceedings shall not affect the right of the creditor of the Acquis to set-off, if this is permitted under the law applicable to the debtor's counter-claim.

Article 198

Resolution for the benefit of the Acquis

Termination of acts for the benefit of the Acquis is inadmissible if the third party demonstrates that the act is subject to a law that does not allow it to be challenged by any means.

Chapter II

Foreign Insolvency Proceedings

Section I

General Provisions

Article 199
Scope of application

1. The provisions of this Chapter shall apply:
 - a) when a foreign court or a foreign representative in connection with a foreign proceeding requests support in Timor-Leste;
 - b) When assistance is requested in a foreign State in respect of a PRI that is proceeding in Timor-Leste;
 - c) a foreign proceeding and a PRI are being conducted simultaneously in respect of the same debtor;
 - d) When creditors or any other interested parties of a foreign State request the opening of or participation in a PRI.
2. The provisions of this Chapter are not applicable to reorganisation and insolvency proceedings with respect to the entities provided for in Article 3.2.

Article 200
Competent court

The functions referred to in this Chapter concerning the recognition of foreign proceedings and cooperation with foreign courts shall be incumbent upon the Court of Dili.

Article 201
Authorisation for BRI to act in a foreign State

BRI shall be authorized to act in a foreign State under and in representation of a PRI, to the extent permitted by the foreign law applied.

Article 202
Public policy exception

The Court may refuse to adopt any measure requested of it if such measure is manifestly contrary to the public policy of the State of East Timor.

Section II
Access by foreign representatives and creditors to the courts of East Timor

Section 203
Direct Access

A foreign representative shall have legitimacy to appear directly before the courts of Timor-Leste.

Article 204

Limited Jurisdiction

The filing of any application by a foreign representative in the courts of Timor-Leste shall not imply that the foreign representative or the debtor's assets or business are subject to the jurisdiction of the courts of Timor-Leste, except with respect to the application filed.

Section 205

Initial application for a PRI by a foreign representative

A foreign representative shall have legitimacy to apply for the opening of a PRI, in accordance with the rules provided for in this Code.

Article 206

Participation of a foreign representative in a PRI

Following recognition of a foreign proceeding, the foreign representative has standing to participate in a PRI.

Article 207

Rights of foreign creditors

1. Without prejudice to the provisions of subsection 2 of this Article, foreign creditors shall have identical rights to domestic creditors with regard to initiation of and participation in a PRI.
2. Graduation of claims of foreign creditors shall be subject to the same regime as that for domestic claims.

Article 208

Notification to Foreign Creditors

1. Whenever, in accordance with the IRB, creditors are to be personally notified, such notification shall also be made to all known creditors who are not resident in Timor-Leste.
2. The Court or the IRB, as the case may be, may take appropriate steps to notify any creditor whose address is not yet known.
3. Notification to foreign creditors shall be made individually unless the Court or BRI, as the case may be, considers that, in view of the circumstances, another form of notification is more appropriate.
4. No letter rogatory or other similar form is required for notifying foreign creditors.
5. Where personal notification of foreign creditors takes place, it shall contain:

- a) the time limit for filing any applications or claims and specify the places where they are to be filed;
- b) The indication that the secured creditors shall claim their claims
- c) any other indication determined by law or that the Court or the BRI deems convenient.

Section III Recognition of Foreign Proceedings

Article 209 Application for Recognition of Foreign Proceedings

1. A foreign representative may apply to the Court for recognition of a foreign proceeding for which he has been appointed.
2. The application for recognition shall be accompanied by a certificate of the decision to open or to pendency of the foreign proceeding and the appointment of the foreign representative.
3. In the absence of the certificate referred to in the preceding paragraph, the Court or the BRI may accept other means of proof of the existence of the foreign proceedings and of the appointment of the representative.
4. The request for recognition shall identify all foreign insolvency proceedings in respect of the debtor known to the foreign representative.
5. The Court or BRI may request the translation into an official language of Timor-Leste of the documents supplied with the application for recognition of the proceedings.
6. The Court may accept the documents submitted with the application for recognition of foreign proceedings even if they are not authenticated.

Article 210 Decision of recognition of foreign proceedings

1. The foreign proceeding shall be recognized:
 - a) as primary foreign proceedings if it takes place in the State in which the debtor has its centre of main interests; or
 - b) As secondary foreign proceedings if the debtor has an enterprise within the meaning of Article 1(g) in the foreign State.
2. An application for recognition of a foreign proceeding shall be decided within the shortest possible time.
3. Unless proved otherwise, the registered office of the debtor, or his habitual residence if he is an individual, is presumed to be his centre of main interests.

Article 211

Subsequent information

As from the filing of the application for recognition of the foreign proceeding, the foreign representative shall promptly inform the court whenever there is:

- a) any substantial change in the status of the recognised foreign proceeding or in the status of appointment of the foreign representative; or
- b) any other foreign proceedings concerning the same debtor of which the foreign representative becomes aware.

Article 212

Protective Measures

1. As from the moment an application for recognition is filed and until the decision, the Court, at the request of the foreign representative, may decree interim protective measures of a provisional nature where the adoption of such measures proves to be urgent and necessary in order to protect the debtor's assets or the interests of the creditors, namely:
 - a) The suspension of executions against the debtor;
 - b) Assigning the administration or the debtor's assets located in Timor-Leste to the foreign representative or to another person designated by the Court, in order to protect and preserve the value of assets which, by their nature or by other circumstances, are perishable, susceptible to devaluation or otherwise endangered.
 - c) Any measure referred to in Article 214.
2. Unless otherwise provided in the judgment recognising the foreign proceeding, interim measures ordered under this Article shall cease when the application for recognition is decided.
3. The Court may refuse to grant the interim measures applied for if this would interfere with foreign main proceedings.

Article 213

Effects of recognition of foreign main proceedings

1. A decision recognising foreign main proceedings shall have the effect of suspending:
 - a) of the bringing or continuation of actions against the debtor or against property, rights, obligations or liabilities of the debtor;
 - b) enforcement against the debtor; and
 - c) the right to transfer, encumber or dispose in any way of the debtor's assets.
2. The scope, duration, modification or termination of the suspensions under paragraph 1 of this Article shall be subject to the provisions of the IRB.
3. The provisions of paragraph 1 above shall not prejudice the right to propose the actions necessary to preserve a claim against the debtor.

4. The provisions of paragraph 1 of this Article shall not prejudice the right to request the opening of a PRI or the right to make applications in such proceedings.

Article 214

Measures following recognition of foreign proceedings

1. After recognition of foreign proceedings, whether main or non-main, the Court may, at the request of the foreign representative, order any measures it considers appropriate for the protection of the debtor's assets or the interests of creditors, namely:
 - a) The suspension of the bringing or continuation of actions against the debtor or against the debtor's property, rights, obligations or liabilities;
 - b) the suspension of enforcement proceedings against the debtor;
 - c) suspension of the right to transfer, encumber or dispose, in any manner, of the debtor's assets;
 - d) hearing witnesses, collecting evidence or handing over elements related to the debtor's assets, rights, obligations or liabilities;
 - e) entrusting the administration of all or part of the debtor's assets located in Timor-Leste to the foreign representative or to another person designated by the Court
 - f) extend the provisional measures decreed under the terms of Section 212.
2. After recognition of a foreign proceeding, whether main or non-main, the Court, at the request of the foreign representative, may assign all or part of the debtor's assets located in Timor-Leste to the foreign representative or to another person appointed by the Court, provided that the interests of Timor-Leste creditors are adequately protected.
3. In the case of a request made by a representative of a foreign proceeding not primarily concerned, the Court may only order measures in respect of assets that, under national law, must be regulated and decided upon in the foreign proceeding not primarily concerned, or in respect of information required in such proceeding.

Article 215

Protection of Creditors and Other Interested Parties

1. The measures provided for in Articles 212 or 214 shall only be ordered if the interests and rights of creditors and third parties, including the debtor, are adequately protected.
2. The granting of the measures provided for in Articles 212 or 214 may be subject to compliance with such conditions as the Court considers appropriate to the case.
3. The Court may, at the request of the foreign representative or of a person affected by the measure ordered under Article 212 or 214 or on its own initiative, modify or terminate such measure.

Article 216
Powers of the foreign representative

1. After recognition of a foreign proceeding, the foreign representative has legitimacy to propose actions aimed at protecting the debtor's assets located in Timor-Leste.
2. When the foreign proceeding is a non-main foreign proceeding, the powers referred to in the previous paragraph may only be exercised by the foreign representative in relation to assets that, in accordance with Timorese law, should be subject to regulation and decision in the foreign non-main proceeding.

Article 217
Intervention of a foreign representative in Timor-Leste proceedings

After recognition of a foreign proceeding, the foreign representative may, provided that the requirements of Timorese law are met, intervene in any proceeding in which the debtor is a party.

Section IV
Cooperation with Foreign Courts and Foreign Representatives

Section 218
Cooperation and direct communication between the Timor-Leste Court and foreign courts or foreign representatives

1. Within the scope of the proceedings referred to in Section 199, the Court shall cooperate as much as possible directly with foreign courts or foreign representatives.
2. The Court may communicate directly, request information or support directly with foreign courts or foreign representatives.

Article 219
Cooperation and direct communication between the BRI and foreign courts or foreign representatives

1. Within the scope of proceedings in Article 199, the IRB shall, in the exercise of its functions and under the supervision of the Court, cooperate to the extent possible with foreign courts or foreign representatives.
2. The IRB may, in the exercise of its functions and under the supervision of the Court, communicate directly with foreign courts or foreign representatives.

Section 220
Forms of cooperation

The cooperation referred to in the preceding Articles may be implemented by any means deemed appropriate, including:

- a) The designation of a person or body to act under the guidance of the court;
- b) The communication of information by any means deemed appropriate by the Court;
- c) the co-ordination of the administration and supervision of the debtor's property and affairs;
- d) the approval or enforcement by the courts of agreements regarding the coordination of proceedings;
- e) the coordination of simultaneous proceedings in respect of the same debtor;

Section V

Concurrent proceedings

Article 221

Initiation of a PRI after recognition of foreign main proceedings

1. After recognition of foreign main proceedings, a PRI may only be initiated if the debtor has assets in Timor-Leste.
2. The effects of the PRI shall be restricted to the assets of the debtor that are located in Timor-Leste and, to the extent necessary to implement cooperation and coordination under the previous articles, to other assets of the debtor that under Timorese law are to be subject to regulation and decision in the PRI.

Article 222

Coordination of a PRI with a foreign proceeding

1. When a foreign proceeding and a PRI concerning the same debtor are being processed simultaneously, the Court shall endeavour to ensure the cooperation and coordination provided for in the previous articles, and the regime provided for in the following paragraphs shall apply.
2. Where a PRI is already in progress at the time when recognition of the foreign proceeding is requested:
 - a) the enactment of any measure pursuant to articles 212 or 214 must be consistent with the PRI;
 - b) if the foreign proceeding is recognised in this State as a foreign main proceeding, the provisions of Article 213 shall not apply.
3. Where the PRI is initiated after the recognition of, or application for recognition of, a foreign proceeding:
 - a. any existing relief ordered under section 212 or 214 shall be reviewed by the Court and amended or terminated if it is incompatible with the PRI; and
 - b. Where the foreign proceeding is a foreign main proceeding, the suspensions referred to in subsection 213(1) shall be amended or extinguished in accordance with subsection 213(2) if they are incompatible with the conduct of the PRI;
4. In foreign proceedings other than main proceedings, the Court shall only decree, extend or modify a measure concerning assets that, according to Timorese law, must

be subject to regulation and decision in the foreign proceedings other than main proceedings, or concerning information required in such proceedings.

Article 223

Coordination of more than one foreign proceeding

1. When more than one foreign proceeding is being dealt with simultaneously in relation to the same debtor, the Court shall endeavour to ensure the cooperation and coordination provided for in the previous articles, and the regime provided for in the following paragraphs shall apply.
2. The granting of any relief under the provisions of Articles 212 or 214 requested by the representative of a foreign proceeding other than the main proceeding after recognition of the foreign main proceeding must be consistent with the foreign main proceeding.
3. If a foreign main proceeding is recognised after recognition, or after an application for recognition has been made, of a foreign non-main proceeding, any measure in force under Articles 212 or 214 must be reviewed by the court and amended or terminated if it is inconsistent with the foreign main proceeding.
4. If, after recognition of a foreign non-main proceeding, another foreign non-main proceeding is recognised, the court shall decree, modify or terminate the appropriate measures in order to facilitate the coordination of the proceedings.

Article 224

Presumption of insolvency based on recognition of foreign main proceedings

With the recognition of foreign main proceedings the debtor shall be presumed, unless proven otherwise, for the purposes of opening a PRI, to be insolvent.

Article 225

Rule on payment in simultaneous proceedings

Without prejudice to the regime applicable to secured and privileged claims, a creditor who has, in a foreign insolvency proceeding, been partially paid the amount of the claim claimed in the PRI may not receive any payment for the same claim in the PRI, while the payment to other creditors of the same class is proportionally lower than the payment that that creditor has already received in the foreign proceeding.
