



2004 Indonesia Bankruptcy Law(English)

Bankruptcy Law (Universitas Pelita Harapan)

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**LAW OF
THE REPUBLIC OF INDONESIA
NUMBER 37 OF 2004
ON
BANKRUPTCY AND SUSPENSION OF OBLIGATION FOR PAYMENT OF DEBTS
WITH THE BLESSINGS OF GOD ALMIGHTY
THE PRESIDENT OF THE REPUBLIC OF INDONESIA**

- Considering** :
- a. that the development of Indonesian legal system in order to create just and prosperous society on the basis of Pancasila and 1945 Constitution must support and ensure the certainty, order, enforcement and protection of law that consist in justice and the truth;
 - b. that the rapid development of economy and trade results in more debt problems in the society;
 - c. that monetary crisis in Indonesia brings adverse impact on national economy so that business community faces significant problems in their efforts to settle their debts.
 - d. that major part of the law on bankruptcy (Faillissements-verorderning, State Gazette Number 217 of 1905 in conjunction with the State Gazette Number 348 of 1906) as one of the legal means of settling debt-related problems no longer sufficient to deal with the legal development and needs and therefore the said law has been amended with the

Government Regulation in lieu of law Number 1 of 1998 on the Amendments to Bankruptcy Law, which was thereafter enacted as a law on the basis of Law Number 4 of 1998. However the amendment had not been sufficient to meet legal development and needs of the society;

- e. that on the basis of the considerations as referred to in points a, b, c and d above, a new bankruptcy and suspension of obligation for payment of debts law needs to be passed.

Recalling

- : 1. Article 1 paragraph (3), Article 5 paragraph (1), Article 20, Article 24 and Article 33 paragraph (4) of Constitution of the Republic of Indonesia of 1945;
- 2. New Reglement of Indonesia (Het Herziene Indonesisch Reglement, State Gazette No. 559 of 1926 in conjunction with the State Gazette No. 44 of 1941);
- 3. Reglement of Procedural Code for Regions other than Java and Madura (Rechtsreglement Buitengewesten, St Gazette No. 227 of 1927);
- 4. Law Number 14 of 1985 on Supreme Court (Supplement Number 3316 to the State Gazette of the Republic of Indonesia Number 73 of 1985) as amended with Law Number 5 of 2004 on Amendments to Law Number 14 of 1985 on Supreme Court (Supplement Number 4359 to the State Gazette of the Republic of Indonesia Number 9 of 2004)
- 5. Law Number 2 of 1986 on General Court (Supplement Number 3327 to the State Gazette of the Republic of Indonesia Number 20 of 1986) as amended with Law Number 8 of 2004 on the Amendments to Law Number 2 of 1986 on General Court (Supplement Number 4379 to the State Gazette of the Republic of Indonesia Number 34 of 2004);

6. Law Number 4 of 2004 on the Judicial Power (Supplement Number 4358 to the State Gazette of the Republic of Indonesia Number 8 of 2004);

With The Joint Approval From
THE HOUSE OF PEOPLE'S REPRESENTATIVES OF THE REPUBLIC OF
INDONESIA

And
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

DECIDES:

To enact:

**LAW OF BANKRUPTCY AND SUSPENSION OF OBLIGATION
FOR PAYMENT OF DEBTS**

**CHAPTER I
GENERAL PROVISIONS**

Article 1

In this law, the following terms shall have the meanings as defined below:

1. Bankruptcy shall mean general confiscation of all assets of a Bankrupt Debtor that will be managed and liquidated by a Curator under the supervision of Supervisory Judge as provided for herein;
2. Creditor shall mean the person who has receivables from an agreement or a law that may be collected before the court;
3. Debtor shall mean a person who has indebtedness for which it may be demanded to pay before the court;
4. Bankrupt Debtor shall mean a debtor who has been declared as bankrupt with judicial decision;
5. Curator shall mean the Orphan's Chamber or an individual appointed by the court to manage and liquidate the assets of Bankrupt Debtor under the supervision of Supervisory Judge as provided for herein;

6. Indebtedness shall mean an obligation that is expressed or may be expressed in monetary unit under Indonesian or foreign currency that exist now or thereafter or is contingent that is incurred from an agreement or pursuant to the prevailing law and must be fulfilled by the Debtor, failing which the Creditor becomes entitled to recover its loan from the assets of the Debtor;
7. The court shall mean commercial court within public court;
8. Supervisory Judge shall mean the judge appointed by the court in a bankruptcy judgment or suspension of obligation for payment of debts judgment;
9. Day shall mean calendar day and if the last day of a period falls on Sunday or public holiday, the day shall mean the next day.
10. Period shall mean duration of time that exclude the day on which the period commences.
11. Person shall mean natural or corporate person including corporations in the form of legal entities or not in liquidation.

CHAPTER II BANKRUPTCY

Section One Conditions and Judgment of Bankruptcy

Article 2

- (1) A debtor having two or more creditors and failing to pay at least one debt which has matured and became payable, shall be declared bankrupt through a Court decision, either at his own petition or at the request of one or more of his creditors.
- (2) Petitions intended in paragraph (1) may also be filed by the Public Prosecutor in the public interest.
- (3) In the event that the Debtor is in the form of a bank, the petition for a declaration of bankruptcy may only be filed by Bank Indonesia.

- (4) In the event that the Debtor is in the form of a Securities Company, Stock Exchange, Clearing and Custodian Institution, Settlement and Depository Institution, the petition for a declaration of bankruptcy may only be filed by the Capital Market Supervisory Board.
- (5) In the event that the Debtor is in the form of Insurance Company, Reassurance Company, Pension Funds, or State-Owned Enterprise engaged in the sectors of public interest, the petition for a declaration of bankruptcy may only be filed by the Minister of Finance.

Article 3

- (1) A decision on a bankruptcy petition and other related issues as intended by this Law, shall be rendered by the Court having jurisdiction over the region in which the domicile of the Debtor is located.
- (2) In the event that the Debtor has left the territory of the Republic of Indonesia, the competent Court to render a decision on a bankruptcy petition is the Court having jurisdiction over the region where the last domicile of the Debtor was located.
- (3) In the event that the Debtor is a shareholder of a firm, the Court having jurisdiction over the region where the domicile of such firm is located shall also be competent to decide.
- (4) In the event that the Debtor does not have a domicile within the territory of the Republic of Indonesia but conducts his profession or business in the territory of the Republic of Indonesia, the competent Court to decide is the Court having jurisdiction over the region where the domicile of the office from which the debtor conducts his profession or business is located.
- (5) In the event that the Debtor is a legal entity, the legal domicile thereof shall be as intended by its Articles of Association.

Article 4

- (1) In the event of a petition for declaration of bankruptcy is submitted by a married Debtor, such petition may only be filed upon the approval of his/her spouse.
- (2) The provision as set forth in paragraph (1) shall not apply if there is no communal property.

Article 5

The petition for declaration of bankruptcy of a firm must include the name and place of residence of each shareholder who is jointly and severally liable for the entire debt of the firm

Article 6

- (1) A Petition for the declaration of bankruptcy shall be filed with the Court through the Chairman of the Court.
- (2) The Registrar of the Court shall register the petition for declaration of bankruptcy on the date of such petition being filed, and the petitioner shall be provided with a written receipt executed by the Registrar, dated the same day as the date of registration.
- (3) The Registrar shall refuse the registration of a petition for bankruptcy declaration against institutions as referred to in Article 2 paragraph (3), paragraph (4) and paragraph (5) if the provisions of the said paragraphs are not complied with.
- (4) The Registrar shall submit the petition for a declaration of bankruptcy to the Chairman of the District Court at the latest within a time period of 2 (two) days counted from the date the petition is registered.
- (5) At the latest within a time period of 3 (three) days counted from the date that the petition for a declaration of bankruptcy is registered, the Court shall study the application and set a date for a hearing.
- (6) The hearing on the petition for a declaration of bankruptcy shall be held at the latest within a time period of 20 (twenty) days counted from the date of the petition are registered.
- (7) Upon the request of the debtor and subject to sufficient reasons, the Court may postpone the holding of the hearing as intended by section (5) for no more than 25 (twenty-five) days counted from the date the petition is registered.

Article 7

- (1) The petition as intended by Article 6, Article 10, Article 11, Article 12, Article 43, Article 56, Article 57, Article 58, Article 68, Article 161, Article 171, Article 207 and Article 212 must be filed by an advocate.
- (2) The provision as set forth in paragraph (1) shall not apply if the petition is submitted by Public Prosecutor, Bank Indonesia, Capital Market Supervisory Board and Minister of Finance.

Article 8

- (1) The Court:
 - a. Shall be obligated to summon the Debtor, where a petition for a declaration of bankruptcy is filed by Creditor, Public Prosecutor, Bank of Indonesia, Capital Market Supervisory Board or Minister of Finance;
 - b. May summon the Creditor, where a petition for a declaration of bankruptcy is filed by the Debtor and there is doubt whether – the conditions to be declared bankrupt as set forth by Article 2 paragraph (1) have been met.
- (2) The summons as referred to in paragraph (1) shall be made by the Court Bailiff by means of registered express mail no later than 7 (seven) days prior to holding the first hearing.
- (3) The summons shall be valid and be considered to have been received by the Debtor if it is made by the Bailiff in accordance with the provisions of paragraph (2).
- (4) The petition for declaration of bankruptcy shall be granted if there are facts or circumstances summarily proving that the conditions for a declaration of bankruptcy as referred to in Article 2 paragraph (1) have been met.
- (5) The decision on a petition for declaration of bankruptcy must be rendered at the latest within the time period of 60 (sixty) days counted from the date the petition for declaration of bankruptcy is registered.
- (6) The court decision as referred to in paragraph (5) shall contain:
 - a. particular article(s) of the relevant law or regulation and/or unwritten legal source that is used as the basis for hearing the petition.
 - b. legal considerations and dissenting opinion from the members or chairman of the panel of judges.

- (7) Decision concerning the petition for bankruptcy declaration as referred in paragraph (6) shall contain complete legal considerations underlying the decision and must be pronounced in a public session and may be executed in advance, despite any legal actions are being taken against such decision.

Article 9

Copies of the Court decision as referred to in Article 8 paragraph (6) shall be sent by the Court Bailiff by means of registered express mail to the Debtor, the person filing the petition for bankruptcy declaration, Curator and the Supervisory Judge no later than 3 (three) days after the pronouncement date of the decision on the petition for bankruptcy declaration.

Article 10

- (1) Pending a decision concerning the declaration of bankruptcy, any Creditor, Public Prosecutor, Bank Indonesia, Capital Market Supervisory Board or Minister of Finance may file a petition with the Court to:
- a. impose a conservatory attachment, on part or all of the assets of the Debtor; or
 - b. appoint an interim Curator to supervise:
 - 1) the management of the Debtor's affairs; and
 - 2) payments to Creditors, the transfer or pledging as collateral of the Debtor's assets, all of which being within the authority of a Curator.
- (2) A petition as referred to in paragraph (1) shall only be granted if it is needed to protect the Creditor's interests.
- (3) In the event that the petition as referred to in paragraph (1) is granted, the Court may stipulate the requirement for the Creditor to provide a security considered fair by the Court.

Article 11

- (1) The legal remedy that may be pursued in respect of the decision regarding a petition for declaration of bankruptcy shall be a cassation to the Supreme Court.
- (2) The petition for cassation as set forth by paragraph (1) shall be submitted at the latest within time period of 8 (eight) days counted from the date that the decision for which cassation is requested was rendered, by registration thereof with the Registrar at the Court where the decision on the petition for declaration of bankruptcy was rendered.
- (3) The cassation as referred to in paragraph (2) may be filed by another creditor who was not the party to the bankruptcy case heard at the court of first instance and is not satisfied by the decision on petition for declaration of bankruptcy, in addition to the debtor or creditor(s) that were the parties to the bankruptcy case heard at the court of first instance.
- (4) The Registrar shall register the petition for cassation on the date the petition is submitted, and the petitioner shall be given a written receipt executed by the Registrar dated the same day as the receipt date of registration.

Article 12

- (1) The petitioner of cassation to the Supreme Court must submit to the Registrar of the Court a brief for the cassation on the date of registration of the petition for the cassation to the Supreme Court.
- (2) The Registrar shall be obliged to send the petition for cassation and the cassation brief as set forth under paragraph (1) to the party against whom the cassation has been filed within a time period of 2 (two) days counted from the registration of petition for cassation.
- (3) The party against whom cassation has been filed could submits a counter cassation brief, to the Registrar at the latest within time period of 7 (seven) days counted from the date the party against whom cassation has been filed received the documents as set forth by paragraph (2) and the Registrar of the Court must send the counter brief to the petitioner of cassation no later than 2 (two) days following the receipt of counter brief.
- (4) At the latest within time period of 14 (fourteen) days counted from the date of petition for cassation was registered, the Registrar shall be obliged to deliver

the petition for cassation, cassation brief and counter brief to the Supreme Court.

Article 13

- (1) The Supreme Court shall, within no more than 2 (two) days from the date the petition for cassation is registered with the Registrar of the Supreme Court, study such petition and determine the date of the hearing.
- (2) The hearing for the petition for cassation to the Supreme Court shall be held within 20 (twenty) days from the date on which such petition for cassation are registered to the Supreme Court.
- (3) The decision regarding the petition for cassation to the Supreme Court must be determined within 60 (sixty) days of the date such petition for cassation to the Supreme Court is registered.
- (4) The decision concerning the petition for cassation to the Supreme Court as referred to in paragraph (3) that contains complete legal considerations underlying the decision shall be rendered in a public session.
- (5) In case of disagreement between the members with the chairman of the panel of judges, the dissenting opinion shall be stated in the cassation decision.
- (6) The Registrar of the Supreme Court shall deliver the copy of the cassation decision to the Registrar of the Commercial Court no more than 3 (three) days after the date on which the cassation decision is rendered.
- (7) The Court Bailiff shall deliver the copies of the cassation decision as set forth in paragraph (5) to the petitioner of cassation, cassation respondent, Curator and Supervisory Judge within 2 (two) days after the receipt of cassation decision.

Article 14

- (1) A civil review may be filed to the Supreme Court in from a decision concerning a petition for declaration of bankruptcy which already becomes final and binding.
- (2) The civil review shall also apply mutatis mutandis to the provisions of Article 12 and Article 13.

Article 15

- (1) In the decision on the declaration of bankruptcy, a Curator and Supervisory Judge from the Court judges must be appointed.
- (2) In the event that the Debtor or Creditor or any other parties authorized to file a petition for bankruptcy declaration as referred to in Article 2 paragraph (2), paragraph (3), paragraph (4), or paragraph (5) does not propose the appointment of a Curator to the Court, the Orphans' Chamber shall act as Curator.
- (3) The Curator appointed in a manner as set forth in paragraph (1) must be independent and have no conflict of interest with either the Debtor or the Creditor and does not handle more than 3 (three) on-going bankruptcy and suspension of obligation for payment of debts cases at the same time.
- (4) Within a period of the latest 5 (five) days from the date of the decision declaring bankruptcy is rendered, the Curator shall announce in the State Gazette of the Republic of Indonesia and in at least 2 (two) daily newspapers determined by the Supervisory Judge, containing the following matters:
 - a. name, address and occupation of the Debtor;
 - b. name of the Supervisory Judge;
 - c. name, address and occupation of the Curator;
 - d. name, address and occupation of members of temporary Creditor committee, if already appointed; and
 - e. venue and time of the first Creditors' meeting.

Article 16

- (1) The Curator shall be authorized to perform the management and/or the settlement of the bankruptcy assets since the date on which the bankruptcy decision is rendered despite any submission of cassation or judicial review from the said decision.
- (2) In case that the bankruptcy declaration decision is cancelled following cassation or judicial review, any acts that have been taken by the Curator before or on the date on which the Curator receives notice of the cancellation decision as referred to in Article 17 shall remain valid and binding upon the Debtor.

Article 17

- (1) The Curator shall be obliged to announce the cassation or judicial review decision canceling bankruptcy decision in the State Gazette of the Republic of Indonesia and in at least 2 (two) newspapers as referred to in Article 15 paragraph (4).
- (2) The Panel of Judges rendering the decision that cancels bankruptcy declaration decision shall determine the bankruptcy charge and the Curator's fee.
- (3) The charge as referred to in paragraph (2) shall be levied upon the bankruptcy petitioner or upon the petitioner and the Debtor in such portions as determined by the Panel of Judges.
- (4) For the payment of the bankruptcy charge and Curator's fee as set forth in paragraph (2), the Chairman of the Court shall render stipulation of execution at the request of the Curator.
- (5) In case that bankruptcy declaration decision is cancelled, the reconciliation that may have been reached shall by law become null and void.

Article 18

- (1) In case that the bankruptcy assets are not sufficient to cover the bankruptcy charge, the Court upon recommendation of the Supervisory Judge and after consulting with the temporary Creditor committee, if any, and after summoning and hearing the Debtor, may decide to cancel bankruptcy decision.
- (2) The decision as referred to in paragraph (1) shall be rendered in a public hearing.
- (3) The Panel of Judges instructing the cancellation of bankruptcy decision shall determine the bankruptcy charge and the Curator's fee.
- (4) The bankruptcy charge and the Curator's fee as referred to in paragraph (3) shall be levied upon the Debtor.
- (5) The charge and fee as referred to in paragraph (3) shall be given priority over all unsecured loan.
- (6) No remedies may be pursued with regard to the Panel of Judges' ruling concerning bankruptcy charge and Curator's fee as referred to in paragraph (3).

- (7) For the payment of bankruptcy charge and Curator's fee as referred to in paragraph (3), the Chairman of the Court shall render execution ruling at the request of the Curator with the acknowledgement of the Supervisory Judge.

Article 19

- (1) The Decision that cancels bankruptcy declaration decision shall be announced by the Court Registrar in the State Gazette of the Republic of Indonesia and in at least 2 (two) newspapers as referred to in Article 15 paragraph (4).
- (2) A cassation and/or judicial review may be filed from the decision on the cancellation of bankruptcy declaration decision as referred to in paragraph (1).
- (3) In case that after the decision on the cancellation of bankruptcy decision is rendered, a petition for bankruptcy decision is being filed again, the Debtor or the Petitioner shall provide evidence that they have sufficient assets to cover bankruptcy charge.

Article 20

- (1) The Court Registrar shall manage a general register in which any bankruptcy shall be recorded.
- (2) The general register as referred to in paragraph (1) shall contain the following information in orderly manner:
 - a. a summary of the bankruptcy decision or decision canceling the bankruptcy;
 - b. a brief description of the reconciliation and the ratification of the reconciliation agreement;
 - c. the deletion of the reconciliation;
 - d. the amount of distribution in settlement;
 - f. the revocation of the bankruptcy pursuant to Article 18; and
 - g. the rehabilitation.with the indication of the date of each item.
- (3) Further provisions concerning the form and contents of general register as referred to in paragraph (1) shall be further stipulated by the Chairman of the Supreme Court.

- (4) The general register as referred to in paragraph (1) shall be publicly opened and may be perused by any individuals for free.

Section Two Consequences of Bankruptcy Declaration

Article 21

The bankruptcy shall include the total wealth of the Bankrupt Debtor at the time of the bankruptcy declaration, together with that which he acquires during the bankruptcy.

Article 22

Notwithstanding this, the following matters shall be excluded:

- a. Any properties, including animal, that are badly needed by the Debtor in connection with his or her job, his or her equipment, medical equipment for health purpose, bed and related appliances that are used by the Debtor and his or her family, and food supply for 30 (thirty) days for the Debtor and his or her family that are existing at his or her place;
- b. Anything earned by the Debtor from his or her work as a salary for his or her position or service, as a fee, pension, or allowance as may be determined by the Supervisory Judge; or
- c. any money given to the Debtor to enable him or her to provide maintenance as required by the prevailing law;

Article 23

The term of Bankrupt Debtor as referred to in Article 21 and Article 22 shall include the spouse of the bankrupt debtor, who has been married in communal property.

Article 24

- (1) A Bankrupt Debtor shall by law forfeit his right to control and manage his assets included in his bankruptcy as of the date of the pronouncement of the bankruptcy declaration decision.
- (2) The date of the decision as referred to in paragraph (1) shall commence at 00.00 local time.

- (3) In case that a transfer of funds through bank or other non-bank institution has been made before the pronouncement of bankruptcy declaration decision on the decision date as referred to in paragraph (1), the transfer must be completed.
- (4) In case that a Security Transaction has been conducted at a Stock Exchange before the pronouncement of bankruptcy declaration decision, the transaction must be completed

Article 25

Any commitment made by a Debtor after the bankruptcy declaration may not be paid from the bankruptcy assets, unless the commitment will be a benefit to the bankruptcy estate.

Article 26

- (1) Any legal actions concerning the rights and obligations on bankruptcy assets shall be filed by or against the Curator.
- (2) If such legal action as set forth in paragraph (1) being filed or continued by or against the Bankrupt Debtor causes a penalty to the Bankrupt Debtor, then such decision shall have no legal effect on the bankruptcy assets.

Article 27

Any claim filed for the fulfillment of the contract from the bankruptcy estate during the bankruptcy period, even filed against the Bankrupt Debtor, may only be filed by reporting them for verification.

Article 28

- (1) With regard to a lawsuit that is filed by the Debtor and is pending during bankruptcy period, at the request of the Defendant, the lawsuit shall be adjourned in order to afford him an opportunity to have the case taken over by the Curator within a period determined by the examining judge.
- (2) If the Curator does not respond to the call to take over the dispute, the defendant shall be entitled to request the dismissal of the case; in the absence of such request, the case between the Bankrupt Debtor and the

defendant may be continued and shall not constitute an indebtedness of the bankruptcy assets.

- (3) The provisions of paragraph (2) shall apply in case that the Curator refuses to take over the case.
- (4) At any time without being summoned, the Curator shall be authorized to take over the proceeding and, release the Bankrupt Debtor from the dispute.

Article 29

A lawsuit that is filed with the Court against the Debtor in order to enforce the Debtor's obligations from the bankruptcy estate and is still ongoing shall become null and void once bankruptcy declaration decision is rendered against the Debtor.

Article 30

If a case is continued by the Curator against an opponent, the Curator may file a request to nullify any actions undertaken by the Bankrupt Debtor prior to his bankruptcy declaration, if there is evidence that such actions were intentionally taken to harm the creditor's interest and that this was already known by the opponent.

Article 31

- (1) The decision of declaration of bankruptcy shall have the consequences that all judgment related to any part of Debtor's assets established before the declaration of bankruptcy shall be immediately ceased and as from that moment no decisions concerning imprisonment for debt may be executed.
- (2) All decisions concerning attachments shall become null and void and if deemed necessary the Supervisory Judge may confirm the matter by instructing the deletion thereof.
- (3) Without prejudice to the provisions of Article 93, a Bankrupt Debtor who still serving any imprisonment shall be instantly released after the decision on declaration of bankruptcy has been rendered.

Article 32

During the bankruptcy, a Debtor shall not be imposed to pay penal sum.

Article 33

In case that before bankruptcy declaration decision is rendered, the sale of the Debtor's moveable and immovable assets for the purpose of execution has gone that far so that the sale date has been fixed, upon the consent of the Supervisory Judge, the Curator may proceed with the sale at the expenses of the bankruptcy estate.

Article 34

Unless specified otherwise herein, any agreements that have been entered into with the intention of transferring title on land, conveying the ownership of a vessel, creating mortgage, hypothec or providing fiduciary security, shall not be performed after bankruptcy declaration decision is rendered.

Article 35

In case that a claim is submitted for verification, the submission will prevent the statute of limitation.

Article 36

- (1) Where at the time the decision declaring bankruptcy is rendered, there is an executed contract that has not yet or has only been partially performed, then the party with whom the Debtor had contracted may request confirmation from the Curator with regard to the continuation of the performance of said contract within a time period within a time period agreed to by the Curator and said party.
- (2) In case no agreement on a time period is reached as set forth under paragraph (1), the Supervisory Judge shall determine said time period.
- (3) If within such period as set forth under paragraphs (1) and (2) above, the Curator has not responded or is unwilling to continue the performance of the contract, the contract shall be terminated and the party as set forth under paragraph (1) may file a claim for damages and shall be treated as an unsecured creditor.
- (4) If the Curator assures its willingness, the Curator shall provide security for the proper performance of such contract.
- (5) The provisions of paragraphs (1), (2), (3) and (4) shall not be applicable to a contract that obligates the Debtor to personally perform the contracted acts.

Article 37

- (1) If under the agreement as referred to in Article 34, there is a commitment to deliver a merchandise within certain period, and the person required to make the delivery under the agreement is declared as bankrupt prior to the delivery of the merchandise, the agreement shall become terminated upon the issuance of bankruptcy declaration decision, and the other party to the said agreement may file a request that it be treated as unsecured Creditor to obtain compensation.
- (2) In case that the termination of the agreement as referred to in paragraph (1) brings losses to the bankruptcy estate, the other party to the said agreement is obligated to compensate the losses.

Article 38

- (1) If the Bankrupt Debtor is a lessee of particular property, either the Curator or the lessor may terminate the lease, provided that notice of such termination shall be made prior to the termination date in accordance with the local custom for the termination of such agreements.
- (2) In case of such termination as referred to in paragraph (1), the notice period of termination as provided for in the agreement or in accordance with common practices shall be observed provided that the notice period shall not be shorter than 90 (ninety) days.
- (3) In case that the rent has been paid in advance, the lease may not be terminated earlier until the expiry of the period for which the advance rent was paid.
- (4) As from the date the bankruptcy declaration becomes effective, the rent shall constitute a debt of the bankruptcy estate.

Article 39

- (1) Employees of the Bankrupt Debtor may resign and the Curator may terminate them with due observance to notice period of dismissal as mutually agreed or in accordance with the prevailing statutory provisions provided the termination of employment relation may be terminated upon no less than 45 (forty five) day prior notice.

- (2) As from the date of the bankruptcy declaration becoming effective, the remunerations of the employees which become outstanding before or after the bankruptcy declaration becoming effective shall become a debt of bankruptcy estate.

Article 40

- (1) Any inheritance which becomes the right of the bankruptcy debtor during the bankruptcy may not be accepted by the Curator unless the inheritance is beneficial to the bankruptcy estate.
- (2) The Curator must obtain consent from the Supervisory Judge to refuse the inheritance.

Article 41

- (1) In the interest of the bankruptcy assets, annulment may be requested to the Court for all legal acts of the Debtor who has been declared bankrupt which prejudice the interests of the Creditors, which were conducted before the declaration of bankruptcy was rendered.
- (2) The annulment as set forth under paragraph (1) may only be implemented if it can be proven that at the time of the performance of such legal acts, the Debtor and the party with whom the Debtor performed such legal acts realized or should have realized that such legal act would adversely affects the Creditors.
- (3) Exceptions from the provision set forth in paragraph (1) shall be legal acts of the Debtor which was obligated to perform under a contract and/or by law.

Article 42

If the legal act that damages the Creditors was performed within a time period of 1 (one) year before the decision declaring bankruptcy is rendered, while the Debtor and the party with whom said act was performed shall be deemed to have realized or should have realized that such act would result in damage to the Creditors as set forth under Article 41 paragraph (2), in the event that such actions:

- a. constitutes a contract in which the obligations of the Debtor considerably exceed the obligations of the party with whom the contract was made;

- b. constitutes a payment of, or a security for, a debt which is not yet due and/or not yet payable;
- c. is performed by an individual Debtor with or for the interests of:
 - 1) his or her spouse, foster child or relative up to the third degree;
 - 2) a legal entity in which the debtor or the parties referred to in point 1) are members of the board of directors or managers or in which said parties, severally or jointly, participate directly or indirectly in the ownership of such legal entity for at least 50% (fifty percents) of the paid up capital;
- d. is performed by a Debtor being a legal entity with or for the interests of:
 - 1) any member of the board of directors or managers of the Debtor, or a spouse, or foster child, or relative up to the third degree, of a member of such board of directors or managers;
 - 2) any individual, severally or jointly with the spouse, foster child, or relative up to the third degree of such individual, who participates directly or indirectly in the ownership of the Debtor for at least 50% (fifty percents) of the paid up capital;
 - 3) any individual, whose spouse, or foster child, or relative up to the third degree, participates directly or indirectly in the ownership of the Debtor for at least 50% (fifty percents) of the paid up capital;
- e. is performed by a Debtor being a legal entity with or for the interests of another legal entity, if:
 - 1) any individual member of the board of directors or manager of both legal entities is the same person;
 - 2) the spouse, or foster child, or relative up to the third degree, of any individual member of the board of directors or manager of the Debtor is a member of the board of directors or manager in the other legal entity, or vice versa;
 - 3) any individual member of the board of director or manger, or member of the board of supervisors of the Debtor, or the spouse, or foster child, or relative up to the third degree, participates, jointly or severally, directly or indirectly, in the ownership of the other legal entity for at least 50% (fifty percent) of the paid up capital, or vice versa;

- 4) the Debtor is a member of the board of directors or a manager in the other legal entity, or vice versa;
 - 5) the same legal entity, or the same individual, either jointly or severally with the spouse, and/or foster children and the relatives up to third degree, participates, directly or indirectly in both entities for at least 50% (fifty percents) of the paid up capital;
- f. is performed by a Debtor being a legal entity with or with respect to other legal entity in a group of legal entities of which the Debtor is a member;
- g. provisions under paragraph c, d, e, and f shall apply mutatis mutandis in case that such actions are taken by the Debtor with or for the interest of:
- 1) member of management of a legal entity, the spouse, foster child or relatives up to third degree of the member of management;
 - 2) individuals, either jointly or severally with the spouse, foster child or relatives up to third degree that participate directly or indirectly in the control of such legal entity;

Article 43

Annulment of a gift made by a Debtor may be requested to the Court, if the Curator can prove that at the time such gift was made, the Debtor knew or should have known that such action would result in damage to the Creditors.

Article 44

Unless it can be proven otherwise, the Debtor shall be deemed to have known or should have known that such gift would damage the Creditors if such gift was made within a time period of 1 (one) year before the decision for declaration of bankruptcy is rendered.

Article 45

The annulment of payment by the Bankrupt Debtor of payable debt may be made only if it is proven that the payment recipient was aware that a petition for the declaration of bankruptcy against the Debtor has been registered, or if the payment resulted from the conspiracy between the Bankrupt Debtor and the Creditor, making the Creditor enjoy priority over other Creditors.

Article 46

- (1) Pursuant to the provisions of Article 45, refund may not be demanded in respect of payment received by substitute holder of notes or sight notes that, due to its legal relation with the previous holder of the same, was obliged to receive the payment.
- (2) In case of non-refund of payment as referred to in paragraph (1), any person enjoying the benefit as a consequence of the issuance of money order or sight notes, shall be obliged to refund to the bankruptcy estate, the amount already paid by the Debtor if:
 - a. it can be proven that at the time of the issuance of the notes as referred to in paragraph (1), the payment recipient was aware that a petition for bankruptcy declaration against the Debtor was already registered; or
 - b. the issuance of the notes was the result of conspiracy between the Debtor and the first holder.

Article 47

- (1) The lawsuit pursuant to the provisions of Articles 41, 42, 43, 44, 45 and 46 shall be filed by the Curator to the Court.
- (2) The Creditor acting on the ground of the reasons as referred to in Articles 41, 42, 43, 44, 45 and 46 may file objection in response to the Curator's lawsuit.

Article 48

- (1) In case that the bankruptcy ends upon the ratification of an amicable settlement, the lawsuit as referred to in Article 47 shall become void.
- (2) The lawsuit as referred to in Article 47 shall not be void if the reconciliation agreement contains the release of the bankruptcy estate, in which case the lawsuit may be continued and maintained by the liquidators for the interest of the Creditor.

Article 49

- (1) Any persons receiving properties that constitute part of the Debtor's assets from a legal act that has been annulled must return such properties to the Curator and the case shall be reported to the Supervisory Judge.
- (2) In case that the person as referred to in paragraph (1) cannot return the properties in their original condition, it shall pay compensation to the bankruptcy estate.
- (3) The right of any third parties over the properties as referred to in paragraph (1) which was earned in good faith and not for free shall be protected.
- (4) The property received by the Debtor or the replacement thereof shall be returned by the Curator in so far that the bankruptcy estate benefits thereof. In case of deficiency, the person against whom the claim for annulment was initiated may step in as a concurrent Creditor.

Article 50

- (1) Any payment made by a person to the Bankrupt Debtor to comply with the agreement made before the declaration of bankruptcy, shall be exempted and shall be beyond the bankruptcy estate, to the extent he is unaware of the declaration of bankruptcy.
- (2) The payment mentioned under paragraph (1) which was made before the declaration of bankruptcy cannot be exempted and is beyond the bankruptcy estate, unless such person can prove that the declaration of bankruptcy and the way of publication according to the provisions of laws cannot be perceived at his place of domicile.
- (3) The payment made to Bankrupt Debtor shall release the Debtor from bankruptcy estate, if the payment benefits such bankruptcy estate.

Article 51

- (1) Each person having indebtedness to or to whom Bankrupt Debtor is indebted, may request for a setoff, if the indebtedness occurs before the pronouncement of bankruptcy declaration decision, or as a result of transaction with the Bankrupt Debtor before the issuance of bankruptcy declaration decision.

- (2) If necessary, the Bankrupt Debtor's indebtedness to such person shall be counted pursuant to the provisions of Article 136 and Article 137.

Article 52

- (1) An individual who has taken over the debt or receivables from a third party prior to the pronouncement of bankruptcy declaration cannot request to a setoff if, the taking over of the debt and credits is not based on good faith.
- (2) The setoff cannot be made for any debt or receivables which are taken over after the pronouncement of bankruptcy declaration.

Article 53

A debtor of the Bankrupt Debtor that intends to set off its debts against payment order or sight notes, shall be required to prove that at the commencement of bankruptcy declaration it has been a good faith owner of the document concerned.

Article 54

An individual being in partnership with the Bankrupt Debtor which is dissolved during or due to the bankruptcy, shall be entitled to set off Bankrupt Debtor's obligations against the Bankrupt Debtor's the share of profit distribution to pay the partnership's debts.

Article 55

- (1) With due observance to the provisions of Articles 56, 57 and 58, any Creditor holding lien, fiduciary security, security right, mortgage, or other collateral rights on property, may execute his rights as if no bankruptcy occurred.
- (2) For the purpose of collecting payment of receivables as referred to in Article 136 and Article 137, the claims for receivable payment may be satisfied after a verification of claim, and only the sums so acknowledged as correct that shall be paid.

Article 56

- (1) The right of enforcement of Creditors as set forth under Article 55 paragraph (1) and the rights of any third parties to claim assets that are under the control of the Bankrupt Debtor or the Curator shall be stayed for a time period of at

most 90 (ninety) days counted from the date of the decision declaring bankruptcy is rendered.

- (2) The stay as set forth under paragraph (1) shall not apply to claims of creditors which are secured by cash deposits and the rights of creditors to set-off debts.
- (3) During the period of the stay as referred to in paragraph (1), the Curator may use the bankruptcy estate in the form of movable or immovable assets or sell the bankruptcy estate in the form of movable or immovable assets which is under the possession of the Curator for the continuation of the business of the Debtor, provided that reasonable protection has been given for the interests of the Creditors or any third parties as referred to in paragraph (1).
- (4) During the period of the stay as referred to in paragraph (1), the Curator may use the bankruptcy estate in the form of movable or immovable assets or sell the bankruptcy estate in the form of movable or immovable assets which is under the possession of the Curator for the continuation of the Debtor's business, provided that reasonable protection has been given for the interests of the Creditors or any third parties as referred to in paragraph (1).

Article 57

- (1) The period as referred to in Article 56 paragraph (1) shall expire by law upon the earlier termination of bankruptcy or upon commencement of insolvency as referred to in Article 178 paragraph (1).
- (2) Creditors or third parties whose rights have been stayed may file a petition to the Curator for the lifting of the stay or to amend the conditions of such stay.
- (3) If the Curator rejects the petition as referred to in paragraph (1), the Creditor or the third party may file such petition to the Supervisory Judge.
- (4) The Supervisory Judge shall, no later than 1 (one) day after receipt of the petition as referred to in paragraph (2), order the Curator to immediately serve summons, by registered mail or courier, upon the Creditor and the third party as referred to in paragraph (2) for a hearing of their petition.
- (5) The Supervisory Judge is obligated to render a decision upon such petition at the latest within a time period of 10 (ten) days counted from the submission to the Supervisory Judge of the petition referred to under paragraph (6).
- (6) In deciding upon the petition as referred to in paragraph (2), the Supervisory Judge shall take into consideration:

- a. the length of the stay period which has already elapsed;
- b. the protection of the interests of the creditor and related third party;
- c. the possibility of reconciliation;
- d. the impact of such stay on the survival and management of the Debtor's business and the settlement of bankruptcy estate.

Article 58

- (1) The decision of the Supervisory Judge upon the petition as set forth under Article 57 paragraph (2) may take the form of a lifting of the stay for one or more Creditors and/or the impositions of conditions on the length of the stay period and/or on one or more security rights that may be enforced by the Creditors.
- (2) If the Supervisory Judge refuses to lift or amend the conditions of such stay, the Supervisory Judge shall be obliged to order the Curator to provide adequate protection to protect the interests of the petitioners.
- (3) The Creditors or the third parties who submitted the petition as intended by Article 57 paragraph (2) or the Curator may submit an objection to the Court against the decision of the Supervisory Judge at the latest within a time period of 5 (five) days counted from the issuance of such decision, and the Court shall be obligated to decide on such objection at the latest within a time period of 10 (ten) days counted from the date of submission of such objection.
- (4) No legal remedies whatsoever including judicial review may be pursued in respect of the Court's decision as referred to in paragraph (2).

Article 59

- (1) With due observance to the provisions of Articles 56, 57 and 58, a Creditor holding rights as referred to in Article 55 paragraph (1), shall exercise such rights within no more than 2 (two) months from the commencement of insolvency as referred to in Article 178 paragraph (1).
- (2) Upon the expiration of the period as referred to in paragraph (1), the Curator must demand the delivery of goods serving as collateral to be sold in accordance with the procedure as referred to in Article 185, without prejudice to the said right of the Creditor holding the right to obtain the proceeds from the sale of such collateral.

- (3) The Curator may release goods serving as collateral at any time by paying to the Creditor the lesser between the market price of the collateral goods and the total debt secured by such collateral goods, whichever is the smaller amount.

Article 60

- (1) The Creditors who hold the rights as referred to in Article 55 paragraph (1) that exercises his rights must account to the Curator for the proceeds of the sale of goods serving as collateral and return to the Curator the balance of the proceeds from the sale after deducting the amount of the debt, interest and expenses.
- (2) Upon the demand of the Curator or creditor having higher priority than that of the creditor holding the right as referred to in paragraph (1), the Creditor holding the right shall give up such portion of the proceeds of such sale that equal to the amount of the preferred claim.
- (3) If the proceeds from the sale as referred to in paragraph (1) are not sufficient to cover the debt, the Creditors who hold such right may file a claim for the settlement of such deficit from the bankruptcy estate as a concurrent creditor, after filing a request for the verification of claims.

Article 61

A Creditor that has the right to retain the goods owned by the Bankrupt Debtor shall not lose this right following the decision of the bankruptcy declaration.

Article 62

- (1) In case of the bankruptcy of a person, the spouse shall is permitted to recover all movable and immovable goods, which constitute his or her individual property, and any things that came into his or her possession as a gifts or inheritances.
- (2) If the spouse's property has been disposed of by her husband or his wife, but the proceeds have not yet been paid or it is still separate from the bankruptcy estate, she or he may claim the right to take the payment of such property.
- (3) In respect of personal debts, the spouse may act as a Creditor.

Article 63

A spouse shall have no right to claim any profits contemplated in a prenuptial agreement from the bankruptcy estate of his or her spouse who has been declared as bankrupt, and, likewise, the Creditor of a spouse shall have no right to claim any profits contemplated in a prenuptial agreement from the spouse who has been declared as bankrupt.

Article 64

- (1) The bankruptcy of a husband or a wife who was married with combined property shall be considered as a bankruptcy of such combined property.
- (2) Without prejudice to the exception provided in Article 25, the bankruptcy shall include anything in the combined property and, the bankruptcy shall be for the benefit of all Creditors who have a claim in respect of the combined property.
- (3) If the husband or the wife who is declared as bankrupt owns any goods which do not form part of the combined property in the marriage, these shall also be included in the bankruptcy, but the goods shall only be used to pay the personal debt of the husband or the wife who is declared as bankrupt.

Section Three.

The Management of the Bankruptcy Estate

Paragraph 1

Supervisory Judge

Article 65

The Supervisory Judge shall supervise management and settlement of the bankruptcy estate.

Article 66

The District Court is obliged to hear the advice of the Supervisory Judge before deciding any matters related to the management and settlement of the bankruptcy estate.

Article 67

- (1) The Supervisory Judge shall be authorized to hear the witnesses or to order an investigation by experts in order to obtain clarification with regard to the bankruptcy.
- (2) The witnesses will be summoned on behalf of the Supervisory Judge.
- (3) If the witness failing to appear or refusing to testify shall be subject to the provisions of the Civil Procedural Law.
- (4) If the legal domicile of a witness lies outside the jurisdiction of the Court determining the decision on the declaration of bankruptcy, the Supervisory Judge may delegate the hearing of the testimony of the witnesses to the Court the jurisdiction of which covers the legal domicile of such witness.
- (5) The spouse or ex-spouse, the children and other blood relatives in the ascending and descending vertical lines of Bankrupt Debtor may be excused from being a witness.

Article 68

- (1) From all decisions by the Supervisory Judge, appeal may be filed within five days to the Court.
- (2) No appeals may be made from decisions as referred to in Article 22 letter b, Article 33, Article 84 paragraph (3), Article 104 paragraph (2), Article 106, Article 125 paragraph (1), Article 127 paragraph (1), Article 183 paragraph (1), Article 184 paragraph (3), Article 185 paragraph (1), paragraph (2) and paragraph (3), Article 186, Article 188, and Article 189.

Paragraph 2

Curator

Article 69

- (1) The duty of the Curator shall be to manage and/or settlement the bankruptcy estate.
- (2) In performing its duty, the Curator:
 - a. shall not be required to obtain the approval of or to provide prior notification to the Debtor or any of the organs of the Debtor, even

- though in circumstances outside bankruptcy such approval or notice is a requirement;
- b. may obtain a loan from a third party, only for the purpose of increasing the value of the bankruptcy estate.
- (3) If in obtaining a loan from a third party the Curator needs to secure the bankruptcy estate with a lien, fiduciary security, security right, mortgage, or other collateral rights on property, then such loan must obtain prior approval from the Supervisory Judge.
 - (4) The encumbrance of the bankruptcy estate with lien, fiduciary security, security right, mortgage, or other collateral rights on property as referred to in paragraph (3) may only be executed in respect of the bankruptcy estate which has not been pledged as security for a debt.
 - (5) To appear before the Court, the Curator must obtain prior approval of the Supervisory Judge, unless in respect of disputes concerning the verification of claims or in matters as referred to in Article 36, Article 38, Article 39 and Article 59 Paragraph (3).

Article 70

- (1) The Curator as referred to in Article 69 shall be:
 - a. The Orphans Chamber; or
 - b. Other Curators.
- (2) The following persons may act Curator as referred to in paragraph (1) letter b:
 - a. individuals domiciled in Indonesia possessing specific expertise required in respect of the management and/or settlement of the bankruptcy estate; and
 - b. registered with the Ministry with the scope of duties and responsibilities covering law and legislation.

Article 71

- (1) The Court may at any time approve a proposal for the replacement of the Curator, after having summoned and heard the curator concerned, and may appoint another Curator and/or appoint additional Curator:
 - a. upon the request of the Curator itself;

- b. upon the request of another Curator, if any;
 - c. upon the request of the Supervisory Judge; or
 - d. upon the request of the Bankrupt Debtor.
- (2) The Court must dismiss or appoint a Curator at the request or at the proposal from concurrent Creditor based on the resolution of the Creditors' meeting held as referred to in Article 90, provided that such decision is taken on the basis of affirmative vote of more than 1/2 (one-half) of the total concurrent Creditors or their Attorneys-in-fact who are present at the meeting and who represent more than 1/2 (one-half) of the total claims of the concurrent Creditors or their Attorneys-in-fact who are present at such meeting.

Article 72

The Curator shall be responsible for any faults or negligence in performing its management and/or settlement duties which cause loss to the bankruptcy estate.

Article 73

- (1) In case that more than one Curator is appointed, to take valid and binding acts, the Curators shall obtain an approval from more than 1/2 (one-half) of all Curators.
- (2) In case of tie vote, the act as referred to in paragraph (1) shall obtain the approval from the Supervisory Judge.
- (3) The Curator appointed for special duty on the basis of bankruptcy declaration decision shall be authorized to act alone within the scope of its duty.

Article 74

- (1) The Curator shall submit to the Supervisory Judge its report concerning the condition of bankruptcy estate and the performance of its duties on 3 (three)-months basis.
- (2) The report as referred to in paragraph (1) shall be open for the public and accessible to any persons for free.
- (3) The Supervisory Judge may extend the report period as referred to in paragraph (1).

Article 75

The amount of the fee for the services of the curator shall be determined after the bankruptcy is over.

Article 76

The amount of the fee payable to Curator as referred to in Article 75 shall be determined with reference to the guide specified in the Decree of the Minister with the scope of duties and responsibilities covering law and legislation.

Article 77

- (1) Any Creditor, the Creditors committee and the Bankrupt Debtor also may submit to the Supervisory Judge a letter of objection to any legal action by the Curator or request the Supervisory Judge to issue an order instructing the Curator to carry out or not to carry out certain planned legal actions.
- (2) The Supervisory Judge shall forward the letter of objection to the Curator no later than 3 (three) days following receipt of the letter of objection.
- (3) The Curator shall give its response to the Supervisory Judge no later than 3 (three) days following receipt of the letter of objection.
- (4) The Supervisory Judge shall make decision on this matter no later than 3 (three) days following the receipt of response from the Curator.

Article 78

- (1) In the absence of an authorization or consent from the Supervisory Judge, where authorization or consent is required, or non-observance of the provisions as mentioned in Articles 83 and 84 will have no effect on the validity of the legal action of Curator towards any third parties.
- (2) With regard to such action, the Curator shall be responsible to Bankrupt Debtor and Creditor.

Paragraph 3
Creditors Committee

Article 79

- (1) The District Court may, by the bankruptcy declaration decision or by a later decision, establish a temporary committee consisting of 3 (three) persons appointed from the Creditors known to him, in order to provide advice to the Curator.
- (2) The Creditors appointed as the members of the committee, may be represented by other persons for the activities connected with the membership of the committee.
- (3) If a Creditor appointed as a member of the temporary committee does not accept his appointment as a member, or is discharged as a member or dies, the Court shall fill the vacancy with a person who is appointed from 2 (two) candidates nominated by the Supervisory Judge.

Article 80

- (1) Following the completion of the verification of claims, the Supervisory Judge must offer the Creditors the formation of a permanent Creditors Committee.
- (2) At the request of the concurrent Creditors based on the decision of the concurrent Creditors made by simple majority vote in the Creditors meeting, the Supervisory Judge shall:
 - a. replace the temporary Creditors committee, if such temporary Creditors committee was appointed in the decision on the declaration of bankruptcy; or
 - b. form a Creditors committee, if no Creditors committee was appointed in the decision on the declaration of bankruptcy.

Article 81

- (1) The committee shall have the right at any time to request an inspection of the books and documents relating to the bankruptcy.
- (2) The Curator shall be obliged to provide all information as requested by the committee.

Article 82

The Curator may at any time arrange a meeting with the Creditors committee in order to obtain its advice, if necessary.

Article 83

- (1) The Curator is obligated to request the advice from the Creditors committee before initiating lawsuit or continuing pending ones, defending itself against a lawsuit instituted or handling in-process lawsuit.
- (2) The provisions of paragraph (1) shall not apply to disputes over verification of debts as well as with regard to whether or not to continue the management of a company in bankruptcy, also in the circumstances referred to in Article 36, Article 38, Article 39, Article 59 paragraph (3), Article 106, Article 107, Article 184 paragraph (3) and Article 186 and generally with regard to the settlement and sale procedures of the bankruptcy estate and the time and amount of distribution of the estate to be made.
- (3) The advice of the Creditors committee as referred to in paragraph (1) shall not be required in the event that the Curator has called for a meeting to give its advice, however within 7 (seven) days after the Curator making the call, the Creditors committee fails to give such advice.

Article 84

- (1) The Curator shall not be bound to the advice from the Creditors committee.
- (2) In case that the Curator disagrees with the opinion of the Creditors committee, within 3 (three) days the Curator shall notify Creditors committee of its disagreement.
- (3) In case that the Creditors committee disagrees with the opinion of the Curator, the Creditors committee within 3 (three) days following receipt of notice as referred to in paragraph (2) may request for the decision of the Supervisory Judge.
- (4) In case that the Creditors committee request the decision of the Supervisory Judge, the Curator shall be obliged to suspend such planned action for 3 (three) days.

Paragraph 4
Creditor's Meeting

Article 85

- (1) The Supervisory Judge shall be the Chairman of the Creditor's Meetings.
- (2) The Curator is obligated to attend the Creditor's Meetings.

Article 86

- (1) The Supervisory Judge shall determine the day, date, time and venue of the first creditor's meeting, which must be held within 30 (thirty) days from the date of issuance of the decision on declaration of bankruptcy.
- (2) Within no more than 3 (three) days from the issuance of the decision on declaration of bankruptcy, the Supervisory Judge must submit to the Curator the proposal to convene the first creditors' meeting as referred to in paragraph (1).
- (3) Within no more than 5 (five) days after the receipt by the Curator and the Supervisory Judge of the decision on the declaration of bankruptcy, the Curator must notify the plan to hold Creditor's Meeting as referred to in paragraph (2) to the known Creditors by registered mail or courier, and advertisements on at least 2 (two) newspapers, with due observance to the provisions of Article 15 paragraph (4).

Article 87

- (1) Unless stipulated otherwise in this Law, all decisions of the Creditor's meeting shall be made on the basis of affirmative vote of more than 1/2 (one half) of the votes cast by the creditors and/or their Attorneys-in-fact attending such meeting.
- (2) In case that a Creditor attends a Creditor's Meeting but does not exercise its vote, its vote shall be considered as vote against.
- (3) Other matters concerning the calculation of votes of the creditors as referred to in paragraph (1) shall be further stipulated under a Government Regulation.
- (4) The transfer of receivables by means of dividing the receivables after the issuance of bankruptcy declaration decision shall not give the right to vote to the new Creditor.

- (5) In case of transfer of the whole of a receivable after the issuance of bankruptcy declaration decision, the new Creditor shall succeed the right to vote of the former Creditor.

Article 88

Only acknowledged and conditionally acknowledged Creditors and the bearers of sight notes that have been verified shall have the right to vote.

Article 89

All notice and notification will be sent directly to the Attorneys-in-fact of Creditor in the event the Creditors have informed the Curator that they have appointed a Attorneys-in-fact or who have themselves been represented at a meeting for the bankruptcy, unless a written request is made to the Curator that the summons and notification shall be sent to themselves or to another Attorneys-in-fact.

Article 90

- (1) Creditor's Meeting shall be held in accordance with the provisions hereof.
- (2) In addition to the meeting as referred to in paragraph (1), the Supervisory Judge may call for the convention of the meeting if it is deemed as necessary or upon the request of:
 - a. Creditors committee; or
 - b. at least 5 (five) Creditors representing 1/5 (one-fifth) of all acknowledged or conditionally acknowledged receivables;
- (3) The Supervisory Judge will determine the date, time and place of the meeting.
- (4) The Creditors who are entitled to vote shall be notified by the Curator by registered mail or courier and with advertisements in at least 2 (two) newspapers as stipulated in Article 15 paragraph (4).
- (5) The notice sent by registered mail or courier or advertised in newspapers as referred to in paragraph (4) shall indicate agenda to be discussed at the Meeting.
- (6) The Supervisory Judge shall also determine the period between the date of the notice and the date of the meeting.

Paragraph 5
Judge's Stipulation

Article 91

All stipulations in respect of the management and/or settlement of the bankruptcy estate shall be made by the court of final instance, unless provided otherwise herein.

Article 92

All stipulations in respect of the management and/or liquidation of bankruptcy estate made by the Judge shall be immediately executable, unless provided otherwise herein.

Section Four
Actions Following Bankruptcy Declaration and
Curator's Duty

Article 93

- (1) The District Court may, upon the issuance of bankruptcy declaration, or at any time thereafter upon a proposal from the Supervisory Judge, upon the request of one or more Creditors after obtaining opinion from the Supervisory Judge, order that the Bankrupt Debtor be put in custody, either in a prison or in its own house, under supervision of the prosecutor appointed by the Supervisory Judge.
- (2) The custody order as referred to in paragraph (1) shall be carried out by the public prosecutor appointed by the Supervisory Judge.
- (3) The custody pursuant of Paragraph (2) above shall be valid for not more than 30 (thirty) days, after the first date of the custody.
- (4) At the end of said period, the Court may, upon a proposal from the Supervisory Judge or upon the request of one or more Creditors after obtaining opinion from the Supervisory Judge, extend the order, each time for not more than 30 (thirty) days.

- (5) The custody cost shall be levied upon the bankruptcy estate as the debt of bankruptcy estate.

Article 94

- (1) Upon a proposal by the Supervisory Judge or upon request from the Bankrupt Debtor, the District Court shall be authorized to release the Bankrupt Debtor from detention, with bail from any third party that the Bankrupt Debtor will appear at anytime if summoned.
- (2) The amount of the bail as referred to in paragraph (1) shall be determined by the Court and shall become part of the bankruptcy estate in the event of that the Debtor fails to appear when summoned.

Article 95

In the event there is evidence that Bankrupt Debtor intentionally neglects and without valid reasons fails to fulfill the obligations imposed as referred to in Article 98, Article 110 and Article 121 paragraph (1) and paragraph (2), the request for detention of the Bankrupt Debtor must be approved.

Article 96

- (1) In all cases, in which the presence of the Bankrupt Debtor is required for one or another activity concerning the bankruptcy estate, the Bankrupt Debtor shall, upon orders of the Supervisory Judge in case he is being detained, be taken from the place of detention.
- (2) The order as referred to in paragraph (1) shall be performed by the public prosecutor.

Article 97

During the bankruptcy, the Bankrupt Debtor is prohibited from leaving his domicile without permission from the Supervisory Judge.

Article 98

Immediately after appointed, the Curator shall do anything through all necessary and proper means in order to safeguard the bankruptcy estate and to keep all

documents, moneys, jewelries, securities and other commercial papers against a receipt.

Article 99

- (1) The Curator through the Supervisory Judge may request to the Court that bankruptcy estate be sealed for the purpose of safeguarding the bankruptcy estate.
- (2) The sealing as referred to in paragraph (2) shall be executed by the Bailiff of the Court at the place of such assets in the presence of 2 (two) witnesses, one of whom shall be the representative of the local Government.

Article 100

- (1) The Curator will begin to prepare an inventory of the bankruptcy estate no later than 2 (two) days after receipt of decision appointing it as Curator.
- (2) The preparation of inventory of the bankruptcy estate may be drawn up privately by the Curator, with the approval of the Supervisory Judge.
- (3) The members of the temporary Creditors committee shall be entitled to be present when the preparation of inventory is carried out.

Article 101

- (1) The goods as set forth under Article 98 must be included in the inventory of the bankruptcy estate;
- (2) The property as referred in Article 22 letter a, shall be included in the specification attached to the inventory as referred in Article 100.

Article 102

Once the preparation of inventory is completed, the Curator shall proceed with the preparation of description showing the nature and the amount of debts and receivables of the bankruptcy estate, the names and domiciles of the Creditors, including the amount of receivables of the Creditors.

Article 103

The inventory of the bankruptcy estate as referred to in Article 100 and the description referred to in Article 102 will be deposited by the Curator at the Registrar Office of the Court to provide the public with free access to it.

Article 104

- (1) On the basis of the approval of the temporary Creditors Committee, the Curator may continue the business of the Debtor who has been declared as bankrupt even if a cassation or judicial review to the Supreme Court is filed from the decision of the declaration of bankruptcy.
- (2) If Creditors Committee is not appointed in the decision of the declaration of bankruptcy, the approval for the continuation of the business as referred to in paragraph (1) shall be obtained from the Supervisory Judge.

Article 105

- (1) The Curator shall be authorized to open all mails and telegrams sent to the Bankrupt Debtor.
- (2) Mails and telegrams that do not concern the bankruptcy estate shall be handed over immediately to the Bankrupt Debtor.
- (3) The postal and telegraph service and post telegraph offices at the domicile of the Bankrupt Debtor shall be obliged to submit to the Curator all letters and telegrams addressed to the Bankrupt Debtor.
- (4) All protests and complaints pertaining to bankruptcy estate shall be submitted to the Curator.

Article 106

The Curator shall be authorized according to the circumstances to pay out a sum of money which is determined by the Supervisory Judge to the Bankrupt Debtor and his family to provide for his cost of living.

Article 107

- (1) Upon the approval of the Supervisory Judge, the Curator may transfer the bankruptcy estate insofar as this is necessary to cover the costs of the bankruptcy or if its retention would cause loss to the bankruptcy estate, even

if a cassation or judicial review to the Supreme Court has been filed against the decision of the declaration of bankruptcy.

- (2) The provisions of Article 185 paragraph (1) shall be applicable to paragraph (1).

Article 108

- (1) The Curator shall keep all moneys, jewelry, stocks and other commercial papers in its direct custody, unless the Supervisory Judge has determined otherwise.
- (2) Cash that are not necessary for the management of bankruptcy estate shall be kept by the Curator in the bank for the benefit of bankruptcy estate upon the approval from Supervisory Judge.

Article 109

The Curator shall, after obtaining the advice from the temporary Creditors committee, if any, and with the approval of the Supervisory Judge, be authorized to make a settlement in order to put an end to a pending case or to prevent and legal case.

Article 110

- (1) The Bankrupt Debtor shall be obliged to appear before the Supervisory Judge, the Curator or the Creditors committee to render all information to them, if the Bankrupt Debtor is summoned for such purposes.
- (2) In case that a husband or wife is declared as bankrupt, the spouse who is declared as bankrupt shall be obliged to provide information on any acts taken by each in respect of their combined property.

Article 111

In case of the bankruptcy of a legal entity, the provisions of Article 93, Article 94, Article 95, Article 96 and Article 97 shall only prevail to the management of the said legal entity and the provisions of Article 110 paragraph (1) shall be applicable only to the management and the commissioners of such legal entity.

Article 112

At the request of and expenses of each Creditor, the Registrar shall be obliged to give copies of the documents made available at the Registrar Office.

Section Five

Verification of Receivables

Article 113

- (1) Within no more than 14 (fourteen) days from the date of decision on the declaration of bankruptcy, the Supervisory Judge shall determine:
 - a. The deadline for filing the claims;
 - b. The deadline for tax verification to determine the amount of tax obligation in accordance with prevailing taxation law and regulations.
 - c. The day, date, time and venue of the Creditor's Meeting for the verification of claims.
- (2) There must be at least 14 (fourteen) day interval between the dates mentioned in paragraph (1) letter (a) and letter (b) above.

Article 114

Within no later 5 (five) days after the date of decision as referred to in Article 113, the Curator shall notify all Creditors whose addresses are known of such decision by mail or advertisement in at least 2 (two) newspapers as referred to in Article 15 paragraph (4).

Article 115

- (1) The filing by the Creditors of claims with the Curator shall be done by showing an account or other written statement indicating the nature and the amount of such claim accompanied by evidence or copies thereof and statement indicating whether or not there are Creditors with privilege, lien, security right, mortgage, other collateral right of properties, or right to retain property.
- (2) The Creditors shall be entitled to demand a receipt of delivery of claims as referred to in paragraph (1) from the Curator.

Article 116

- (1) The Curator shall:
 - a. verify the claims submitted by the Creditors with the records and information from the Bankrupt Debtor; or
 - b. consult with the Creditors if there are objections to the submitted claims.
- (2) The Curator as referred to in paragraph (1) shall be authorized to demand that the Creditors submit any documents not yet submitted and show the records and the original evidence.

Article 117

The Curator shall enter the approved claim in a temporary list of acknowledgment, while the contested claim shall be entered into a separate list stating the reasons of the contest.

Article 118

- (1) The list as referred to in Article 117 shall also include a note against each claim stating whether in the Curator's opinion such claim is privileged or secured by lien, fiduciary security, security right, mortgage, or other collateral rights on property, or whether the retention rights on the claim may be exercised.
- (2) If the Curator contests the existence of a priority right or the existence of a right of retention on a claim, then such claim shall be listed on the register of claims which are temporarily acknowledged, accompanied by the Curator's notes concerning the opposition arguments and the underlying reasons.

Article 119

The Curator shall keep a copy of each list referred to in Article 117 in its office for 7 (seven) days prior to the date of verification of debts/claims for examination free of charge by any parties.

Article 120

The Curator must notify all known Creditors of the lists referred to in Article 119, attaching a further notice for the verification of debts/claims on debt meeting and

mentioning whether a draft of reconciliation from the Bankrupt Debtor has also been deposited at the Curator.

Article 121

- (1) The Bankrupt Debtor must attend the verification meeting of debts/claims, in order to give all information on the causes of the bankruptcy and condition of the bankruptcy estate as may be demanded by the Supervisory Judge.
- (2) The Creditors may request the Supervisory Judge to obtain further information from the Bankrupt Debtor regarding certain matters indicated by them.
- (3) The questions given to the Bankrupt Debtor and the answers given by him must be recorded into the minutes.

Article 122

In the case of the bankruptcy of a legal entity, all obligations as set forth under Article 121 paragraph (1) and paragraph (2) shall become the responsibility of the management of such legal entity.

Article 123

At the meeting as referred to in Article 121, the Creditors may appear in person or by its Attorneys-in-fact.

Article 124

- (1) At the meeting as referred to in Article 121, the Supervisory Judge shall read the list of temporarily acknowledged claims and the list of the claims disputed by the Curator.
- (2) Each of the Creditors appearing on such lists as referred to in Paragraph 1 may submit a request for information from the Curator regarding each claim and their inclusion in the list, or may contest any particular claim, the right of priority, or the right to retain property, or to confirm the Curator's challenge of claims.
- (3) The Curator may withdraw its temporary acknowledgment of claims or challenge made earlier, or demand that the Creditor confirm or take an oath on the truth of its claim which are not contested neither by the Curator nor by the another Creditor.

- (4) In case that the original Creditor has died, its successor shall declare under oath that it believes in good faith that the claim exists and has not been paid.
- (5) If it is deemed necessary to adjourn the meeting, the Supervisory Judge will determine the date of adjourned meeting, which shall be held within 8 (eight) days after the adjournment without further notice.

Article 125

- (1) The oath taking as referred to in Article 124 paragraph (3) and paragraph (4) shall be made by the Creditor in person or by its Attorneys-in-fact who is specially assigned for that purpose either at the meeting or on a later day to be determined by the Supervisory Judge.
- (2) If the Creditor that is ordered to take oath is not present nor represented at the meeting, then the Court Registrar must immediately notify the Creditor regarding the the order to take oath and of the date of oath taking by such Creditor.
- (3) The Supervisory Judge must provide the Creditor with the evidence of oath taking, unless the oath is taken at the meeting of Creditors, in which case oath taking shall be recorded in the minutes of the meeting.

Article 126

- (1) Claims that are not contested shall be transferred in the List of Acknowledged Claims, which is incorporated in the minutes of the meeting.
- (2) If the receivables are in the form of sight notes and payment order, the Curator will denote the acknowledgment on the relevant certificates.
- (3) Claims that, upon the instruction of the Curator, need to be confirmed with oath, shall be acknowledged on condition that the oath has been taken as provided for in Article 125 paragraph (1).
- (4) The minutes of the meeting shall be signed by the Supervisory Judge and the Substitute Registrar.
- (5) The acknowledgment of the claims that is recorded in the minutes shall be legally enforceable in bankruptcy and the cancellation of it may not be demanded by the Curator except in case of fraud.

Article 127

- (1) If the Supervisory Judge in the case of claim dispute, cannot bring the two parties to an agreement, despite the fact that the dispute has been referred to court for settlement, the Supervisory Judge shall order the two parties concerned to settle the dispute before the Court.
- (2) The advocates acting for and on behalf of the parties shall be advocates as contemplated in Article 7.
- (3) The case as referred to in paragraph (1) shall be summarily examined.
- (4) If the Creditor requesting verification of the claims is not present during the Court's hearing on the stipulated date, his request shall be deemed as withdrawn, if the party contesting the claim is not present during the Court's hearing, he shall be deemed as withdrawing his contest, and the judge shall admit such concerned claim.
- (5) Any Creditors who have not filed challenge at the meeting of debts-claim verification may not join or interfere the Court's hearing.

Article 128

- (1) The court examination of disputed claim brought by the Curator shall by law be adjourned if reconciliation in the bankruptcy has been decided, unless the documents of the case were already submitted to the judge for a decision provided that:
 - a. if the receivable claim is accepted, the claim is acknowledged in bankruptcy;
 - b. the court cost shall be for the account of the Bankrupt Debtor;
- (2) The Debtor may take over the adjourned case as referred to in paragraph (1) as the substitute for the Curator based on the case documents as referred to in paragraph (1) and represented by an advocate.
- (3) If the taking over of the case as referred to in paragraph (2) is not made, the opponent may demand that the Debtor to take over the case.
- (4) If the Debtor fails to appear, an absence decision may be rendered in accordance with the Civil Procedural Laws.
- (5) If the challenge was made by a participating Creditor, such case can be continued by the parties after the ratification of the reconciliation in the

bankruptcy has become legally enforceable, however, this applies only to the request for the court decision on the costs of the case.

Article 129

The Creditor whose claim has been challenged shall not be obliged to submit more evidence confirming the claim's evidence other than the evidence he shall give to the Bankrupt Debtor.

Article 130

- (1) If a Creditor whose claim has been contested is not present at meeting, within 7 (seven) days following the absence of the Creditor, the Bailiff shall officially notify it of the challenge rose towards its claim.
- (2) If the Creditor disputes the challenge as referred to in paragraph (1), it may do so not on the ground that no notice was served upon it.

Article 131

- (1) The claims that are contested may be acknowledged by the Supervisory Judge up to certain amount as determined by the Supervisory Judge.
- (2) If the priority of claim is contested, such priority may be conditionally acknowledged by the Supervisory Judge.

Article 132

- (1) The Bankrupt Debtor may deny whole or part of an accepted claim or the priority right by giving summary explanation.
- (2) The denial and the reasons therefore as referred to in paragraph (1) shall be recorded in the minutes of the meeting.
- (3) The denial as referred to in paragraph (2) shall not be prejudice to acknowledgement of receivable claim in bankruptcy.
- (4) The denial that is not supported with any reasons or that is not intended to all receivable claims but fails to explicitly indicate which part of it is acknowledged and which part contested, will not be considered as a denial.

Article 133

- (1) Claims which are filed with the Curator after the lapse of the term as referred to in Article 113 paragraph (1), however no later than 2 (two) days before the date of meeting of claim verification, shall be verified upon a request therefore at the meeting, if there is no objection from the Curator or any of the Creditors present.
- (2) Claims which are filed after the time as referred to in paragraph (1) shall not be verified at the meeting.
- (3) The provisions of paragraph (1) and paragraph (2) mentioned above do not apply if the Creditor, having domicile outside the territory of the Republic of Indonesia, was unable to report the matter sooner.
- (4) In the case of an objection as referred to in paragraph (1), or in case of a dispute concerning whether or not an impediment exists, as provided for in paragraph (3), the Supervisory Judge shall decide upon consultation with the meeting.

Article 134

- (1) Interest on a debt which arises after the decision of the declaration of bankruptcy may not be included in the verification of claims unless and only insofar as it is secured by lien, fiduciary security, security right, mortgage, or other collateral rights on property,.
- (2) Regarding verification for the interest on debt secured with security rights as referred to in paragraph (1) must be conducted in pro memoria.
- (3) If the interest concerned cannot be paid in full from the proceeds from the sale of goods serving as collateral, such Creditor may not exercise his rights which arise from the verification of claims.

Article 135

A claim pursuant to conditional agreement to cancel must be verified for the entire sum without prejudice to the condition to cancel, if the condition is satisfied.

Article 136

- (1) A claim on debt pursuant to a conditional agreement which is adjourned may be verified for its amount at the moment of the bankruptcy declaration.

- (2) In case that the Curator and the Creditor do not agree as to the method of verification, the claim shall be accepted on condition for the whole sum.

Article 137

- (1) A claim which, at its due date, has not been determined or which allows for periodic installment will be verified for its value on the date of decision of the bankruptcy declaration.
- (2) All claims on debt which fall due within 1 (one) year of the commencement of bankruptcy will be verified as if the claims on debt were claimable at that point in time.
- (3) All claims on debt falling due more than 1 (one) year afterwards in the verification must be verified at the value after the lapse of 1 (one) year from the bankruptcy declaration.
- (4) The calculation of the value of the claims as referred to in paragraph (2) and paragraph (3) must be made with due care taking into consideration:
 - a. the period and terms of debt installments;
 - b. profit that may be earned; and
 - c. the interest rate if provided for in the relevant agreement.

Article 138

Creditors whose claims are secured by lien, fiduciary security, security right, mortgage, or other collateral rights on property, or those having priority rights on an asset within the bankruptcy estate and who can prove that part of such claim probably cannot be repaid from the proceeds from the sale of the goods serving as collateral, may request that the rights of concurrent Creditors upon such portion of the a claim be granted to them, without prejudice to the right to be preferred over goods serving as collateral for their respective claims.

Article 139

- (1) Claims on debt with an indefinite value, or that cannot be expressed in Indonesian currency, or that cannot be expressed at all in monetary value, shall be verified on their estimated value in Indonesian currency.

- (2) The determination of the value of a claim in Rupiah as referred to in paragraph (1) shall be made on the date of decision on the declaration of bankruptcy.
- (3) The determination of the value of a claim in the currency of the Republic of Indonesia for the Creditor's claims as referred to in Article 52 paragraph (1) shall be made on the date of execution of collateral using Middle Rate of the Bank of Indonesia.

Article 140

- (1) Claims in respect of sight notes may be verified by recording the said notes without mentioning the name of the bearer or by recording them in the name of the bearer.
- (2) Each verified claim in respect of sight notes without mentioning the name of the bearer as referred to in paragraph (1) shall be considered as separated claim of Creditor.

Article 141

- (1) A Creditor whose claim is secured by a guarantor may file for his claims, deducted by the amount that he has received from such guarantor.
- (2) The guarantor shall be entitled to be repaid for the money he has paid to the Creditor.
- (3) In addition to the entitlement as referred to in paragraph (2), the guarantor may be accepted conditionally in the verification in respect of a sum that has not been paid by the Guarantor and has not been included in the claim verification by the Creditor.

Article 142

- (1) If there are joint Debtors and one or more of such joint Debtors are declared as bankrupt, the Creditor may file its claim against one Bankrupt Debtor or against each of Bankrupt Debtors, until its claim is fully settled.
- (2) Each of joint Debtors that is entitled to demand compensation from the bankruptcy estate may only be accepted on a condition that the Creditor himself does not appear with respect to that matter.

- (3) If the entire bankruptcy estate of joint debtors is more than 100% (one hundred percent) of the claim, the excess shall be distributed to those joint Debtors according to their legal relationship.

Article 143

- (1) After the verification of claims is completed, the Curator must report on the bankruptcy estate, and furthermore provide Creditors with any information as requested by such Creditors.
- (2) After the meeting is completed, the report as referred to in paragraph (1) shall, together with the minutes of the verification meeting, be deposited at the Registrar's office with copies at the Curator's office.
- (3) Certain fees shall be paid for obtaining the copy as referred to in paragraph (2).
- (4) After the minutes as referred to in paragraph (2) are available, the Curator as well as the Creditors and the Bankrupt Debtor may request that Court correct them in case it appears from the bankruptcy documents that an error has occurred in such minutes.

Section Six Reconciliation

Article 144

The Bankrupt Debtor shall have the right to offer reconciliation to all Creditors.

Article 145

- (1) If the Bankrupt Debtor has submitted a reconciliation proposal and within no later than 8 (eight) days before the meeting for verification of the claims, reconciliation proposal is made available at Court Registrar's office by whomsoever without any charge, reconciliation proposal shall be discussed and decided after the verification of claims meeting, except in cases as contemplated in Article 147.
- (2) At the same time as draft reconciliation as referred to in paragraph (1) is made public at the Court Registrar's office, a copy of the reconciliation

proposal shall be delivered to each member of the temporary Creditors committee.

Article 146

The Curator and the temporary Creditors committee shall give written opinion on the draft reconciliation at verification of claims meeting.

Article 147

The discussion of and the decision on the draft reconciliation plan as referred to in Article 145 shall be postponed until a subsequent meeting that shall be held on the date to be determined by the Supervisory Judge, however no later than 21 (twenty one) days afterwards in case:

- a. during the meeting, a permanent committee of Creditors is appointed which members do not consist of the same persons as the members of temporary committee, and the majority of Creditors present demand that the permanent committee of Creditors gives its written opinion on the draft reconciliation plan.
- b. the draft reconciliation plan has not been made available at the court Registrar's office at the specified time and the majority of Creditors present wishes a postponement of the meeting.

Article 148

If, in the meeting, the discussion and the voting on the draft reconciliation plan as referred to in Article 147 are postponed until a subsequent meeting, the Curator within 7 (seven) days after the date of the last meeting shall notify acknowledged or conditionally accepted Creditors who were not present at the verification meeting in writing of the content of the draft reconciliation plan in brief.

Article 149

- (1) The Creditors holding liens, fiduciary security, security rights, or other collateral rights on any assets or secured creditors, including creditors whose rights are prioritized, may not vote in respect of a reconciliation proposal, unless they have forfeited their priority rights in the interests of bankruptcy estate prior to the vote concerning such reconciliation proposal.

- (2) Those who release their right will be concurrent Creditors, even if such reconciliation proposal is not accepted.

Article 150

The Bankrupt Debtor shall be entitled to give information and defend such reconciliation proposal and to make alterations to such reconciliation proposal plan during the process of deliberation to reach a consensus at the meeting.

Article 151

The reconciliation proposal shall be accepted if approved in the Creditors' meeting by more than 1/2 (one half) of the total of concurrent Creditors attending the meeting and whose rights are admitted, or are temporarily admitted, who represent no less than 2/3 (two-thirds) of the total concurrent claims which are admitted or temporarily admitted by concurrent Creditors or their Attorneys-in-fact attending such meeting.

Article 152

- (1) If more than 1/2 (one half) of the number of Creditors who are present at the Creditors' Meeting representing at least 1/2 (one half) of the total claims of Creditors having voting rights agree to accept the reconciliation proposal, within a period of no more than 8 (eight) days from when the first vote was held, a second vote shall be held without need to be summoned.
- (2) At the second vote, the Creditors shall not be bound by the vote they cast in the first vote.

Article 153

Later changes in the number of Creditors or in the amount of claims shall have no effect on the acceptance or rejection of the reconciliation proposal.

Article 154

- (1) The minutes of the meeting shall contain:
 - a. the content of the reconciliation proposal;
 - b. the name of the Creditors entitled to vote by being present at the meeting;
 - c. the votes cast;

- d. the result of the voting; and
 - e. other matters that were discussed at the meeting.
- (2) The minutes shall be signed by the Supervisory Judge and the substitute Registrar.
 - (3) Any interested person may see the minutes, without any charge, as referred to in paragraph (1) that shall be made available no later than 7 (seven) days after the completion of meeting at the court Registrar's office.
 - (4) Certain fees shall be paid in order to obtain the copy of the minutes as referred to in paragraph (3).

Article 155

The Creditors who have voted in favor of the draft reconciliation, as well as the Bankrupt Debtor may, within 8 (eight) days after the meeting minutes being made available as referred to in Article 154 paragraph (3), request the District Court to amend the minutes, if under the minutes the Supervisory Judge erroneously consider the reconciliation as a case that has been rejected.

Article 156

- (1) If the reconciliation proposal plan is accepted before the closing of the meeting, the Supervisory Judge shall determine the date of the following session which the Court will make a decision on the ratification of the reconciliation proposal.
- (2) In case of misunderstanding as referred to in Article 155, the determination date of the following hearing shall be stipulated by the Court and the Curator shall notify the Creditors in written form.
- (3) The court hearing shall be held at the earliest 8 (eight) days and at the latest 14 (fourteen) days after the consensus on the reconciliation proposal is achieved, or after the decision of the Court in case of misunderstanding as referred to in Article 155.

Article 157

During such hearing, the Creditors may give the reasons to the Supervisory Judge for why they rejected the ratification of the reconciliation proposal plan.

Article 158

- (1) On the determined date, in a public session, the Supervisory Judge will read a written report where each of the Creditors, either directly or through its Attorneys-in-fact may state the grounds on which he desires or rejects the ratification of the reconciliation proposal.
- (2) The Bankrupt Debtor shall also be entitled to express its reasons to defend his interests.

Article 159

- (1) At the court hearing as referred to in Article 158 or no later than 7 (seven) days after the date of the court hearing, the Court shall render its decision together with such grounds.
- (2) The Court shall reject the ratification of the reconciliation proposal if:
 - a. the Debtor's assets, including any goods on which retention rights are exercised, considerably exceed the sum which was stipulated in reconciliation proposal;
 - b. the reconciliation proposal is not fully guaranteed; and/or
 - d. the reconciliation proposal is based on fraud or conspiracy with one or more Creditors, or by using other unfair means, regardless whether the Bankrupt Debtor was involved in conducting such acts or not.

Article 160

- (1) If the ratification of the reconciliation proposal is rejected, the Creditors who voted in favor of the reconciliation plan as well as the Debtor itself, within 8 (eight) days of the decision by the Court, may file a cassation from the decision on the ratification.
- (2) If the ratification is approved, within 8 (eight) days of the decision by the Court, a cassation from the decision on the ratification may be filed by:
 - a. the Creditors who voted against it or were absent at the voting;
 - b. the Creditors who voted in favor on the ground of having discovered any actions as mentioned in Article 159 paragraph (2) letter c.

Article 161

- (1) A cassation to the Supreme Court from the decision of the Court as referred to in Article 160 shall be undertaken in compliance with the provisions set forth in Article 11, Article 12 and Article 13.
- (2) The provisions referred to in Article 158, except the provision concerning the Supervisory Judge, and in Article 159 paragraph (1), shall also apply in the hearing of cassation referred to in paragraph (1).

Article 162

The ratified reconciliation proposal is binding upon all Creditors who have no priority right without exception, no matter whether they have or have not appeared in the bankruptcy.

Article 163

If the reconciliation proposal or the ratification of the reconciliation proposal is rejected, the Bankrupt Debtor may not offer a new reconciliation proposal.

Article 164

The decision on ratification of the reconciliation proposal which has become final shall become the basis to exercise right against the Debtor and all persons guaranteeing the implementation of the reconciliation in respect of the claims that have been acknowledged as long as the Bankrupt Debtor has not contested them pursuant to Article 132 as recorded in the minutes of the verification of the claims.

Article 165

- (1) Notwithstanding the draft reconciliation, the Creditors will retain their rights against the guarantors and co-debtors.
- (2) The rights which the Creditors may assert on goods of third persons may continue to exist as if there was no draft reconciliation.

Article 166

- (1) Once the ratification of the draft reconciliation has become final and conclusive, the bankruptcy will be ceased.

- (2) The Curator shall be obliged to announce the reconciliation as referred to in paragraph (1) in the State Gazette of Republic of Indonesia and in at least 2 (two) newspapers as referred to in Article 155 paragraph (4).

Article 167

- (1) After the ratification of the reconciliation proposal has become final and conclusive, the Curator shall be obliged to give accountability report to Bankrupt Debtor before the Supervisory Judge.
- (2) If it is not stipulated otherwise in the reconciliation, the Curator shall, against proper receipt, return all goods, moneys, books and documents included in the bankruptcy estate to the Debtor.

Article 168

- (1) The amount of money that becomes the right of Creditor that have been verified based on acknowledged priority right and the costs of the bankruptcy must be deposited into the hands of the Curator, except the Debtor has provided a guarantee for that.
- (2) As long as the obligation as referred to in paragraph (1) has not been complied with, the Curator shall be obliged to hold all goods and moneys belonging to the bankruptcy estate in its custody.
- (3) In case of the lapse of 30 (thirty)-day period after the ratification of the reconciliation proposal becomes final and conclusive, the Debtor has not fulfilled the obligation as referred to in paragraph (1), the Curator shall be obliged to make full payment out of the bankruptcy estate.
- (4) The amount as referred to in the paragraph (1), and the parts thereof which are to be allocated to each Creditor by virtue of his priority right, if deemed necessary, shall be stipulated by the Supervisory Judge.

Article 169

With regard to claims on debts for which priority is conditionally acknowledged, the obligation to fulfill the claim concerned as contemplated in the article 168 shall be limited to granting a guaranty, and if such obligation is not fulfilled, the Curator shall be obliged to provide a reserve from the assets of the bankruptcy estate in an amount which can be claimed on the basis of such priority right.

Article 170

- (1) Each Creditor may request the cancellation of the ratified reconciliation because the Bankrupt Debtor neglects to comply with the contents of such reconciliation.
- (2) The evidence of the fulfillment of the reconciliation shall be the responsibility of the Bankrupt Debtor.
- (3) The cCourt shall have the full authority to give concession to the Bankrupt Debtor to fulfill such obligation at the latest within 30 (thirty) days after the date of decision of the concession.

Article 171

A request to cancel the reconciliation shall be filed and decided in the same manner as determined in Article 7, Article 8, Article 9, Article 11, Article 12 and Article 13 for submission of the petition for declaration of bankruptcy.

Article 172

- (1) In the decision to cancel such reconciliation, there should be an order to re-open the bankruptcy, appoint the Supervisory Judge, Curator as well as members of Creditors committee, if the previous bankruptcy proceeding has appointed such committee.
- (2) The appointed Supervisory Judge, Curator, and members of the committee as referred to in paragraph (1) shall, to the greatest extent possible, be the same persons who filled such positions in the previous bankruptcy proceeding.
- (3) The Curator must disclose and announce the decision as referred to in paragraph (1) in the manner as referred to in Article 15 paragraph (4).

Article 173

- (1) If the bankruptcy is re-opened, the provisions of Article 17 paragraph (1), Articles 19, Articles 20, Articles 21, Articles 22, and Articles in Section Two, Section Three and Section Four under Chapter II of this law shall also apply.
- (2) Also applicable are the provisions from the part of the verification of claims on debts except that such verification is limited to the claims on debts which have not been verified before.

- (3) The Creditors whose claims were verified before shall also be summoned to attend the meeting of verification of claims, and they shall be entitled to arrange a challenge to the required claims being accepted and ratified.

Article 174

Without prejudice to the application of Article 41, Article 42, Article 43 and Article 44, if there is a reason to do so then all the legal actions of the Bankrupt Debtor between the period of the ratification of the reconciliation and the re-opening of the bankruptcy are binding on the bankruptcy estate.

Article 175

- (1) After the re-opening of the bankruptcy, a second reconciliation may not be offered;
- (2) The Curator shall immediately proceed with the liquidation of bankruptcy estate.

Article 176

In case the bankruptcy is re-opened, the bankruptcy estate shall be distributed among the Creditors in the following manner:

- a. If the old and new Creditors have not received payment, the proceeds of the liquidation of the bankruptcy estate shall be distributed among them on pro-rata basis.
- b. If the old Creditors have received part of the payment, the old and new Creditors shall be entitled to payment in accordance with the percentages agreed in the reconciliation;
- c. the old and new Creditors shall be entitled to payment on pro-rata basis from the remainder of the bankruptcy estate less the payment as referred to in letter (b) until full payment of acknowledged claims.
- d. old Creditors that have received payment shall not be obliged to return the payment which have been received.

Article 177

The provisions of Article 176 shall also be applicable mutatis mutandis to the bankrupt debtor, who has not yet fulfilled his obligations on such reconciliation, and shall be declared bankrupt for the second time.

Section Seven

The Settlement of Bankruptcy estate

Article 178

- (1) If at a meeting of verification claim, no reconciliation proposal plan is offered, the reconciliation proposal plan is rejected or the ratification of the reconciliation proposal plan is denied on the basis of court decision that has become final and conclusive, the be shall by law be in insolvency.
- (2) The provisions of Article 104 and Article 106 shall not apply if there has been a certainty that the company of the Bankrupt Debtor will not continue its operation or if the continuation of the business ceases.

Article 179

- (1) If at a meeting of verification claim, no reconciliation proposal plan is offered or the reconciliation proposal plan is rejected, the Curator or Creditors at the Meeting may propose for the Bankrupt Debtor to be continued.
- (2) If there is Creditors committee and the proposal is presented by a creditor, the creditor committee and the curator shall give their opinions on said proposal.
- (3) At the request of the Curator or one of the Creditors present at the Meeting, the Supervisory Judge shall postpone the discussion and the decision making concerning the said proposal until the subsequent meeting that shall be held no later than 14 (fourteen) days afterwards.
- (4) The Curator shall notify in writing all Creditor that were not present at the Meeting of the plan to hold the next Meeting, in which notice the proposal shall be indicated and the notification of the provisions of 119.
- (5) At the Meeting as referred to in paragraph (4), if necessary, the verification of claims that were filed after the lapse of the period as referred to in Article 113 paragraph (1) and that have not been verified in accordance with the provisions of article 133.

- (5) With regards of the receivables claims as referred to in paragraph (5), the Curator shall act in accordance with the provisions of Article 116, Article 117, Article 118, and Article 119.

Article 180

- (1) The proposal to continue the company as referred to in Article 179 paragraph (1) shall be accepted if the proposal is approved by Creditors representing more than 1/2 (one-half) of all acknowledged and temporarily accepted claims that are not secured with lien, fiduciary security, security right, mortgage, or collateral right on other property.
- (2) In case there is no Creditors committee, the provisions of Article 80 shall apply.
- (3) The minutes of the meeting shall contain names of Creditors present at the Meeting, votes cast by each of the Creditors, the result of the voting, and the proceedings of the meeting.
- (4) Any interested persons may have free access to the minutes of the meeting as referred to in paragraph (3) that shall be made available at the Registrar's office of the court no later than 7 (seven) days after the conclusion of the Meeting.

Article 181

- (1) If within 8 (eight) days after the court decision on the rejection of the ratification of reconciliation plan becoming final and conclusive, the Curator or the Creditor propose to the Supervisory Judge that the company of Bankrupt Debtor to be continued, the Supervisory Judge shall hold a meeting no later than 14 (fourteen) days after the date on which the proposal is submitted to the Supervisory Judge.
- (2) The Curator shall send an invitation to the Creditors no later than 10 (ten) days before the Meeting date by mail, in which invitation the proposal and the provisions of Article 119 shall be indicated.
- (3) The Curator shall advertise the invitation in at least 2 (two) newspapers as referred to in Article 15 paragraph 4).
- (4) The provisions as referred to in Article 179 paragraph (2), paragraph (5), paragraph (6) and Article 180 shall apply.

Article 182

Within 8 (eight) days after the conclusion of the meeting, the available documents indicate that the Supervisory Judge have misunderstood causing the proposal to be rejected or accepted, the Curator or Creditor may request that the Court to confirm through its decision whether the proposal is accepted or rejected.

Article 183

- (1) Upon the request of one Creditor or the Curator, the Supervisory Judge may give an instruction for the termination of the continuation of such company.
- (2) In case of the request as referred to in paragraph (1), the comments on the request from the Creditors committee, if any, shall be heard and, likewise, the comments from the Curator shall also be heard if the request is raised by the Curator.
- (3) Moreover, the Supervisory Judge may hear the comments from Creditor and Bankrupt Debtor.

Article 184

- (1) With due attention to the provision in Article 15 paragraph (1), the Curator must begin the liquidation and sale of the entire bankruptcy estate without the need to obtain the approval or assistance of Debtors if:
 - a. the proposal to manage the Debtor's company is not submitted within the period as set forth under this Law, or such proposal has been submitted but was rejected; or
 - b. the management of the debtor's company is terminated.
- (2) If the company continues, the goods which are not needed may be sold for the continuation of the company.
- (3) Nevertheless, the Bankrupt Debtor can be given the household appliances and equipment, medical devices for health maintenance or office furniture as may be designated by the Supervisory Judge.

Article 185

- (1) The sale of the goods shall be made in public in accordance with the procedure prescribed in the prevailing laws and regulations.

- (2) In case of the failure to hold public sale as referred to in paragraph (1), upon the permission of the Supervisory Judge, the sale may also be carried out in private.
- (3) Concerning all goods that are not immediately or cannot be completely liquidated, the Curator shall take a decision in the manner which is approved by the Supervisory Judge.
- (4) With regard to the goods which may be subject to a retention right by the Creditors, the Curator shall return them to the bankruptcy estate for payment of the claims on debt, if this will be beneficial to the bankruptcy estate.

Article 186

For the sake of liquidation of the bankruptcy estate, the Curator may use the services of the Bankrupt Debtor, by giving the Bankrupt Debtor remuneration as may be determined by the Supervisory Judge.

Article 187

- (1) After the bankruptcy estate has become insolvent, the Supervisory Judge may convene a meeting with the Creditors at a specified date, time and place to conduct a proper discussion on the manner to liquidate the bankruptcy estate and if necessary, to conduct a verification of claims that are already filed after the end of the period as stipulated under Article 113 paragraph (1), which are not yet verified in accordance with Article 133.
- (2) With regards to the claims as referred to in paragraph (1), the Curator shall act in accordance with the provisions of Article 116, Article 117, Article 118, Article 119 and Article 120.
- (3) The Curator shall advertise the same invitation in newspapers as referred to in Article 15 paragraph (4).
- (4) The Supervisory Judge shall immediately determine the time period, that shall be no earlier than 14 (fourteen) days, between the date of the invitation and the date of the meeting.

Article 188

At any time, if in the opinion of the Supervisory Judge there are sufficient cash, the Curator shall be instructed to distribute cash to the Creditors whose claims have been verified.

Article 189

- (1) The Curator shall prepare a distribution list to be submitted to the Supervisory Judge for approval.
- (2) The list as referred to in paragraph (1) shall contain details of incoming and outgoing payments including the Curator's fee, Creditor's name, the verified sum from each claim, and the portion payable to Creditor.
- (3) All concurrent Creditors shall be granted a percentage which is determined by the Supervisory Judge.
- (4) Payment to the Creditors:
 - a. who have a priority right, including those whose priority right is denied; and
 - b. holding lien, fiduciary security, security right, mortgage, or other collateral right on assets, as long as they have not yet received payment in accordance with the provision in Article 55, will be made out of proceeds of the sale of properties upon which they have a priority right or that were secured as collateral to them.
- (5) In case that the proceeds of the sale of properties as referred to in paragraph (4) are not sufficient to cover all claims of the prioritized Creditors, then as to the differences, the Creditors are treated as concurrent Creditors.

Article 190

For the Creditors whose claims are conditionally accepted, the portions of those Creditors in the list of distribution shall be calculated on the basis of the percentage of all claims.

Article 191

All the costs of the bankruptcy shall be borne to each property constituting the bankruptcy estate, except for the property which, pursuant to the provisions of Article

55, has been sold by the Creditors holding lien, fiduciary security, security right, mortgage, or other collateral rights on property.

Article 192

- (1) The distributions list approved by the Supervisory Judge shall be made available at the Registrar's office of the court, so that it can be accessible to all Creditors during such period as determined by the Supervisory Judge when such list was approved.
- (2) The distribution list and the period as referred to in paragraph (1) shall be announced by the Curator in newspapers as referred to in Article 15 paragraph (4).
- (3) The display period as referred to in paragraph (1) shall start from the date on which the distributions list is advertised in the newspapers as referred to in paragraph (2).

Article 193

- (1) During the period as referred to in Article 192 paragraph (1), any Creditors may dispute the distributions list by submitting to the Court's Registrar a letter of objection with the reasons therefore against proper receipt.
- (2) The letter of objection as referred to in paragraph (1) shall be enclosed to distributions list.

Article 194

- (1) If there is a challenge, immediately after the period as referred to in Article 192, the Supervisory Judge shall determine the date of the examination of the challenge before the public hearing.
- (2) The Supervisory Judge's session date decision shall be made available for the public at the Registrar's office of the court.
- (3) The Court's Bailiff shall notify the challenger and Curator of the public display of session date decision.
- (4) The hearing shall be held no later than 7 (seven) days after the expiry of the period as determined in accordance with the provisions of Article 192 paragraph (3).

- (5) At the public court hearing as referred to in paragraph (4), a written report shall be rendered by the Supervisory Judge whereas the Curator and any Creditor or its Attorneys-in-fact may, give the reasons for or against the distribution list.
- (6) On the day of the first hearing or, in any case, 7 (seven) days afterwards, the District Court shall render the decision supported with sufficient legal considerations.

Article 195

- (1) Creditors whose claims are not verified, as well as the Creditors whose claims are verified in an amount that is lower according to his own report, shall be allowed to file a challenge provided that at least two days prior to the examination of the next challenge in the public court hearing on condition that:
 - a. the claims on debt or part of the claims which are not verified are submitted to the Curator;
 - b. a copy of the receivable claim and the receipt from the Curator is attached to the objection document
 - c. a request for the verification of the claim or part of the claim is submitted.
- (2) The verification as referred to in paragraph (1) shall be conducted at such session in the manner provided for in Article 124 and subsequent articles, before the public hearing which is intended for the aforementioned examination of the challenge.
- (3) If the challenge has no other purpose other than filing a challenge to be verified as a Creditor and this matter has not been filed by other parties, the costs of the challenge will be charged to the challenging Creditors.

Article 196

- (1) From the decision of the Court as referred to in Article 194 paragraph (6), the Curator or any Creditor may file a cassation.
- (2) The cassation from the court decision as referred to in paragraph (1) shall be heard in accordance with the provisions of Article 11, Article 12 and Article 13.
- (3) For the purpose of the cassation hearing, the Supreme Court may summon the Curator or Creditors.

- (4) If after the elapse of the period as referred to in Article 192, there are no challenges or the challenges have been decided by the Court, the distribution list shall become enforceable and binding.

Article 197

The Supervisory Judge shall order the removal of the mortgage, security right or fiduciary security registrations which encumber the properties constituting the bankruptcy estate, immediately after the distribution list which contains accountability report of the sale proceeds of encumbered properties, becomes valid and binding.

Article 198

- (1) The distribution allocated for the Creditors whose claims are accepted conditionally shall not be granted as long as there has been no final decision regarding their claims.
- (2) If it is finally proven that such Creditors have no receivable claims or their claims are less than less than the sums allocated for them, part or the whole of the sums originally allocated for them shall be for the benefit of other Creditors.
- (3) If the portions allocated for Creditors whose priority rights are challenged, exceed the percentage of portions payable to the concurrent Creditors, such portions shall be reserved until there is a decision regarding that priority right.

Article 199

If any properties subject to a certain priority right, lien, fiduciary security, security right, mortgage, or collateral right have been sold, after the prioritized Creditors were given distributions in accordance with Article 189, at the time of the second distribution, the proceeds of the sale of such properties shall be paid to those Creditors up to the value of the priority right less the sums already received by them.

Article 200

- (1) Creditors, due to their negligence, who appear for verification after the distribution was made, shall be entitled to payment for the amounts which are taken first from the remaining balance equal to the amount that has been accepted by other Creditors which have been acknowledged.

- (2) If they have priority rights, they will lose such rights in relation to the proceeds of the sale of the relevant properties, if the proceeds as recorded in the distribution list, have been allocated to other prioritized Creditors.

Article 201

After the end of the period during which the distribution list is accessible to the public as referred to in Article 192 or if the challenge is proposed after a decision regarding that challenge has been made, the Curator shall immediately pay the specified distributions.

Article 202

- (1) Immediately after the verified creditors are paid in full, or immediately after the last distribution list becomes legally binding, the bankruptcy will cease without prejudice to the provisions of Article 203.
- (2) Curator will announce the end of the bankruptcy in the State Gazette of the Republic of Indonesia and in the newspapers as referred to in Article 15 paragraph (4).
- (3) The Curator shall present accountability report on the management and liquidation of bankruptcy estate to the Supervisory Judge no later than 30 (thirty days) after the end of the bankruptcy.
- (4) Any and all books and documents concerning bankruptcy estate available to the Curator shall be given to the Bankrupt Debtor against proper receipt.

Article 203

If, after the last distribution is made, portions that are reserved as referred to in Article 198 paragraph (3), fall back to the bankruptcy estate, or if in fact there is still a bankruptcy estate which at the time of liquidation was not yet known, upon the order from the Court, the Curator shall liquidate them and distribute them based on the previous distribution list.

Section Eight

Legal Status of the Debtor after the Completion of the Liquidation

Article 204

After the closing distribution list becomes final and binding, the Creditors re-possess the right of enforcement against the Debtor's assets to cover their claims that have not been paid.

Article 205

- (1) The acknowledgment of a claim as referred to in Article 126 paragraph (5) shall be enforceable and binding upon the Debtor like the case of court decision becoming enforceable and binding.
- (2) The summary from the minutes of verification of the claims meeting in the form of enforceable decision shall serve as legal basis enforceable against the Debtor.

Article 206

The provisions of article 205 shall not apply if a challenge by the Debtor has been made against the claims pursuant to Article 131.

Section 9

Bankruptcy on the Inheritance

Article 207

The assets from the deceased shall be declared in bankruptcy if there are two or more creditors filing a petition and describing in brief that:

- a. the deceased was insolvent to pay his debts, or
- b. at the moment he passed away, his assets were not enough to pay his debts.

Article 208

- (1) The petition as referred to in Article 207 shall be filed to the Court which the jurisdiction thereof covers the last residence of the deceased Debtor.
- (2) The heirs shall be summoned for such matter with a writ.

- (3) The writ as referred to in paragraph (2) shall be delivered at the house of the deceased without mentioning the name of each heir, unless their names are known.

Article 209

The bankruptcy declaration may cause a separation by law of the assets of the deceased from the assets of the heirs.

Article 210

The petition for a bankruptcy declaration may be filed to the Court within not later than 90 (ninety) days after Debtor passes away.

Article 211

The provisions on reconciliation as referred to in Articles 144 to 177 shall not be applicable to the bankruptcy of an inheritance, unless the inheritance has been unconditionally accepted.

Section 10

Provisions of International Law

Article 212

The Creditors, who, after the bankruptcy declaration, have taken out their claim on debt a whole or a part of the goods, from the goods owned by the Bankrupt Debtor located beyond Indonesian territory and not linked to them by priority right, shall be required to compensate the bankruptcy for what they took out with regard to such priority right.

Article 213

- (1) The Creditors who have transferred his claims on debt against the Bankrupt Debtor in whole or in part to a third party in order to enable the third party either entirely or partially, individually or having priority over other parties, so the payment for those claims on debt can be taken for settlement from the goods of the Bankrupt Debtor located beyond the Indonesian territory, shall compensate the bankruptcy estate for anything obtained in such manner.

- (2) Unless it can be proved otherwise, any transfer of claims on debt shall be deemed already performed in accordance with the provision as referred to in paragraph (1), if the Creditors perform the transfer and the Creditors know that the bankruptcy declaration has been filed or will be filed.

Article 214

- (1) The obligation of compensation shall also be applicable to anyone transferring this debts or claims, entirely or partially to third parties and in this way the third party shall have the opportunity to set-off his debts or claims with a debt or claims beyond Indonesia, which is not permitted under this regulation.
- (2) The provisions of Article 213 paragraph (2) shall also apply to Article 214 paragraph (1).

Section 11 Rehabilitation

Article 215

After the bankruptcy ceases, pursuant to Articles 166, Articles 202, and Articles 207, the Bankrupt Debtor or his heirs shall be entitled to file a petition for rehabilitation at the District Court which examined the bankruptcy concerned.

Article 216

The petition for rehabilitation from Bankrupt Debtor or his heirs shall not be granted, unless it is accompanied by evidence stating that all acknowledged Creditors have been paid for all their claims on debt.

Article 217

The petition as referred to in Article 216 shall be announced in at least 2 (two) daily newspapers appointed by the District Court.

Article 218

- (1) Within 60 (sixty) days after the announcement in 2 (two) daily newspapers, every acknowledged Creditor shall be allowed to file a challenge against the petition to the Registrar Office by filing an objection letter accompanied with

the reason thereof, and the Creditor concerned shall receive a receipt from the Registrar.

- (2) The challenge as referred to in paragraph (1) can only be filed if the requirements in Article 216 are not fulfilled.

Article 219

After the lapse of the abovementioned 60 (sixty) days, the District Court shall approve or reject the petition, regardless whether or not a challenge has been filed.

Article 220

The decision of the District Court shall not be open to any legal efforts.

Article 221

The decision that allows the rehabilitation concerned shall be adopted before a public hearing and be recorded in the public register as referred to in Article 20.

CHAPTER III

SUSPENSION OF OBLIGATION FOR PAYMENT OF DEBT

Section 1

Granting of Suspension of Obligation for Payment of Debt and the Consequences

Article 222

- (1) Suspension of obligation for payment of debt submitted by the Debtor who has more than 1 (one) Creditor or by the Creditor.
- (2) Debtors who are unable, or expect that they will be unable, to continue paying those debts which have matured and must be paid, may request a suspension of obligation for payment of debts, with the general intention of presenting a composition plan that includes an offer to pay all or part of their debts to unsecured Creditors.
- (3) Creditors estimating that the Debtors are unable to continue paying those debts which have been due and payable, may request that they can suspend

paying their debts, in order to enable them to present a composition plan that includes an offer to pay all or part of their debts to unsecured Creditors.

Article 223

In the event that the Debtors are banks, security companies, stock exchanges, clearing and custodian institutions, central securities depository institutions, insurance companies, reinsurance companies, pension funds, and state-owned companies active in public interests, those that can file petition for a suspension of obligation for payment of debt shall be institutions as referred to in Article 2 paragraphs (3), (4), and (5).

Article 224

1. The petition for suspension of obligation for payment of debt as referred to in Article 222 shall be filed to the Court as referred to in Article 3, signed by the petitioner and his Attorney-in-fact.
2. In the event that the petitioner is the Debtor, the petition shall be accompanied with the list containing nature, amounts of the Debtor's accounts receivables and debt, and sufficient evidence.
3. In the event that the petitioner is the Creditor, the Court will summon the Debtor with a writ sent by registered mail within not later than 7 (seven) days before the hearing.
4. In the hearing as referred to in paragraph (3), the Debtor shall present the list containing nature, amounts of the Debtor's accounts receivables and debt, and sufficient evidences and, if any, composition plan.
5. The composition plan as referred to in Article 222 shall be attached to aforementioned petition in paragraph (2).
6. The provisions referred to in Article 6 paragraphs (1), (2), (3), (4), and (5) shall apply on *mutatis mutandis* basis as the procedure(s) for filing a petition for a suspension of obligation for payment of debt as referred to in paragraph (1).

Article 225

- (1) The petition as referred to in Article 224 paragraph (1), and the attachments thereto, if any, shall be made available at the Registrar Office, so that they may be inspected freely by the public.
- (2) If the petition is filed by the Debtor, the Court shall within no later than 3 (three) days as of the date of registration, grant temporary suspension of obligation for payment of debt and shall appoint a Supervisory Judge from among the Court Judges, and appoint 1 (one) or more administrators who, jointly with the Debtor, shall manage the Debtor's assets.
- (3) If the petition is filed by the Creditor, the Court shall within not later than 20 (twenty) days as of the date of registration, grant suspension of obligation for payment of debt and must appoint a Supervisory Judge from among the Court Judges, and appoint 1 (one) or more administrators who, jointly with the Debtor, shall manage the Debtor's assets.
- (4) Immediately after the decision on the temporary suspension of obligation for payment of debt is stipulated, the Court, through the administrator, must summon the Debtor and known Creditors by official registered letter or courier, to appear at the session which shall be held not later than on the 45th (forty-fifth) day after the decision on the temporary suspension of obligation for payment of debt was rendered.
- (5) If Debtor fails to appear before the hearing as referred to in paragraph (4), temporary suspension of obligation for payment of debt shall be terminated and the Court shall declare the Debtor bankrupt in the same hearing.

Article 226

- (1) The administrator must immediately announce the decision of temporary suspension of obligation for payment of debt in the State Gazette and at least in 2 (two) daily newspapers designated by the Supervisory Judge, and such announcement shall also contain an invitation to attend the hearing that shall be a judges' deliberation meeting, along with the date, venue, and time of the said session, the name of the Supervisory Judges and the name and address of the administrator.
- (2) If the reconciliation proposal has been submitted when the temporary suspension of obligation for payment of debt is stipulated, such matter must

be mentioned in said announcement, and the announcement must be made within not later than 21 (twenty-one) days before the proposed date of the session.

Article 227

The temporary suspension of obligation for payment of debt shall be effective as of the date of stipulation and shall continue until the date of the session as referred to in Article 226 paragraph (1).

Article 228

- (1) On the day of the session as referred to in Article 226 paragraph (1), the Court shall hear the Debtor, Supervisory Judge, Administrator and Creditors who are present or their representatives or Attorneys-in-fact appointed by virtue of power of attorney.
- (2) In the session as referred to in paragraph (1), every Creditor shall be entitled to be present, although the relevant party has not received any summons for that purpose.
- (3) If the composition plan is attached to the petition for temporary suspension of obligation for payment of debt as referred to in Article 224 paragraph (2a), or has been submitted by the Debtor before the hearing, votes regarding the composition plan may take place if the provisions in Article 267 have been fulfilled.
- (4) In case of failure to fulfill the provision as referred to in paragraph (3), or if the unsecured Creditors have not yet voted on the composition, then at the request of the Debtor, the Creditors shall decide to grant or refuse a permanent suspension of obligation for payment of debt, with the intention of allowing Debtor, Administrator, and Creditors to consider and agree upon reconciliation in a meeting or hearing that shall be held subsequently.
- (5) If the Court fails to decide the permanent suspension of obligation for payment of debt within the period as referred to in Article 225 paragraph (4), the Debtor shall be declared bankrupt.
- (6) If the permanent suspension of obligation for payment of debt as referred in paragraph (4) is approved, such suspension of obligation for payment of debts and the extension thereof shall not exceed 270 (two hundred and

seventy) days following the decision on the temporary suspension of obligation for payment of debt is stipulated.

Article 229

- (1) The granting of a permanent suspension of obligation for payment of debt and the extension thereof shall be stipulated by the Court based on:
 - a. the approval of more than 1/2 (a half) of the unsecured Creditors whose rights are admitted or temporarily admitted who are present and represent at least 2/3 (two-thirds) of all claims admitted or temporarily admitted of unsecured Creditors or their Attorney-in-fact who present in the session; and
 - b. the approval or more than 1/2 (a half) of unsecured Creditors whose accounts receivables are guaranteed by lien, fiduciary security, security right, mortgage, or other collateral rights on property, which are present and represent at least 2/3 (two-thirds) of all claims of the unsecured Creditors or their Attorney-in-fact who present in the session.
- (2) Any dispute that arises between the administrator and the Creditors concerning the voting rights of the Creditors as referred to in paragraph (1) point (a) shall be decided by the Supervisory Judge.
- (3) If the petition for declaration of bankruptcy and the petition for suspension of obligation for payment of debt are heard at the same time, then the petition for suspension of obligation for payment of debt shall be adjudicated first.
- (4) In order that the petition for suspension of obligation for payment of debt shall be adjudicated first, after the Debtor files the petition for declaration of bankruptcy, the petition for suspension of obligation for payment of debts shall be filed in the first hearing of the bankruptcy declaration.

Article 230

- (1) If the temporary suspension of obligation for payment of debt is terminated because the unsecured Creditors do not agree to the granting of a permanent suspension of obligation for payment of debt or an extension thereof, but until the end of the period as referred to in Article 228 paragraph (6) an agreement has not been reached regarding the composition plan, then

on the final day the administrator shall inform the Court, through the Supervisory Judge that shall declare the Debtor bankrupt not later than on the next day.

- (2) The administrator shall announce matters referred to in paragraph (1) in the daily newspapers in which the petition for suspension of obligation for payment of debt was announced pursuant to Article 226.

Article 231

- (1) The Court shall appoint a Creditors' committee if:
 - a. the petition for the suspension of obligation for payment of debt includes debts of a complex nature or numerous Creditors; or
 - b. such appointment is desired by unsecured Creditors representing at least 1/2 (a half) of all admitted claims.
- (2) In implementing its tasks, the administrator shall ask and consider the recommendations from the Creditors' committee.

Article 232

- (1) The Court's Registrar shall prepare a general list, which includes for each suspension of obligation for payment of debt:
 - a. the date when the temporary suspension of obligation for payment of debt is granted, and the date when the permanent suspension of obligation for payment of debt is granted, as well as any extensions thereof;
 - b. quotation of the Court decisions stipulating the suspension of obligation for payment of debt, whether temporary or permanent in nature, and extensions thereof;
 - c. the names of the Supervisory Judge and the Administrator appointed;
 - d. a summary of the content of the composition and the ratification thereof by the Court; and
 - e. the conclusion of the composition.
- (2) The Supreme Court shall stipulate further provisions on the form and content of said general list.
- (3) The Court's Registrar shall make the general list available to be seen by any persons for free.

Article 233

- (1) If requested by the administrator, the Supervisory Judge shall hear witnesses or order the hearing of experts to explain the circumstances surrounding the suspension of obligation for payment of debt, and such witnesses shall be summoned in accordance with the provisions of Civil Procedural Laws.
- (2) In the event that witnesses do not appear or refuse to take the oath or give testimony, the provisions of Civil Procedural Laws shall apply.
- (3) The spouse or former spouse, their children and descendants, and the parents and grandparents of the Debtor may exercise their rights to be exempted from the obligation to bear witness.

Article 234

- (1) The administrator appointed as referred to in Article 225 paragraph (2) shall be independent and has no conflict of interest with the Debtor or Creditors.
- (2) The administrator as referred to in paragraph (1) that is proven not being independent shall be subject to criminal and/or civil sanction in accordance with the prevailing laws and regulations.
- (3) Those who may become administrator as referred to in paragraph (1), shall be:
 - (a) Any individuals domiciled in Indonesia, who possess special expertise needed in respect of managing the Debtor's assets; and
 - (b) Registered with the ministry having work scope and responsibility in law and legislation aspects.
- (3) The management shall be responsible for his negligence or default in implementing managerial task rendering loss to the Debtor's assets.
- (4) The amount of management's service fee shall be stipulated by the Court based on guideline stipulated by the Minister having work scope and responsibility in law and legislation aspects after rescheduling expires and shall be firstly paid from the Debtor's assets.

Article 235

- (1) There are no legal actions could be taken against the decision on suspension of obligation for payment of debt.

- (2) The decision as referred to in paragraph (1) shall be announced according to the procedure as referred to in Article 226.

Article 236

- (1) In case more than one administrators are appointed, to take legal and binding act, the administrator shall obtain approval of more than $\frac{1}{2}$ (a half) of total administrators.
- (2) If case of tie vote, the act as referred to in paragraph (1) shall be approved by Supervisory Judge.
- (3) The Court may at any time accept the proposal of replacement of administrator, after invite and hear the administrator, and appoint other administrator and/or additional administrator based on:
 - a. Proposal from Supervisory Judge;
 - b. Creditor's application and such application can only be filed if based on approval of more than $\frac{1}{2}$ (a half) of total Creditors present in the Creditor's meeting;
 - c. The Administrator's application itself; or
 - d. Other Administrator's application of, if any.

Article 237

- (1) In provisional judgment granting the suspension of obligation for payment of debt, the Court may incorporate provisions deemed necessary in the interest of Creditor.
- (2) Supervisory Judge can also take act as referred to in paragraph (1) at any time during suspension of obligation for payment of debt, based on:
 - a. initiative of Supervisory Judge;
 - b. request from the administrator; or
 - c. request from one creditor or more.

Article 238

- (1) If suspension of obligation for payment of debt is granted, the Supervisory Judge can appoint one expert or more to inspect and prepare report on Debtor's assets condition within certain period and extension thereof stipulated by Supervisory Judge.

- (2) The expert's report as referred to in paragraph (1) shall contain opinions furnished with complete reasons on Debtor's assets condition and document already delivered by Debtor as well as the Debtor's preparedness or capability to fulfill his obligation to Creditor, and the report shall if possible indicate acts to be taken to fulfill the Creditor's demand.
- (3) The expert shall at no cost made available his report as referred to in paragraph (2) at Registrar's Office of Court for inspection by everyone free of charge.
- (4) Provisions as referred to in Article 236 paragraph (3) shall apply on mutatis mutandis basis to the experts.

Article 239

- (1) By quarterly as of judgment on suspension of obligation for payment of debt is announced, the administrator shall report the Debtor's assets condition and the report shall also be made available at the Registrar's Office as referred to in Article 238 paragraph (3).
- (2) The report term as referred to in paragraph (1) can be extended by the Supervisory Judge.

Article 240

- (1) During suspension of obligation for payment of debt, Debtor without approval of the administrator may not take any management or ownership act of all or part of the assets.
- (2) In case the Debtor violates provision as referred to in paragraph (1), the administrator shall be entitled to take any measures required to ensure that the Debtor's assets are not harmed by the Debtor's act.
- (3) The Debtor's obligation conducted without approval from administrator arising after commencement of suspension of obligation for payment of debt can only be charged to the Debtor's assets provided that beneficial to the Debtor's assets.
- (4) Upon approval from the administrator, the Debtor may borrow money from the third party only to increase the Debtor's assets value.

- (5) In case to borrow money as referred to in paragraph (4) a collateral must be delivered, the Debtor can encumber his assets with lien, fiduciary security, security right, mortgage, or other collateral rights on property, provided the loan has obtained approval from Supervisory Judge;
- (6) Encumbrance of Debtor's assets with lien, fiduciary security, security right, mortgage, or other collateral rights on property as referred to in paragraph (5) can only be made to part of Debtor's assets which have not been put as collateral.

Article 241

In case Debtor has been married with combined property, the Debtor's property shall cover all combined assets and liabilities.

Article 242

- (1) During suspension of obligation for payment of debt, the Debtor could not be forced to pay the debt as referred to in Article 245 and all enforcement actions already commenced to obtain any debts settlement shall be suspended.
- (2) Unless the Court stipulates earlier date at request from the administrator, all attachment already put shall be waived and in case the Debtor is taken as hostage, the Debtor shall be released immediately after absolute judgment on suspension of obligation for payment of debt is rendered or after absolute judgment of ratification of composition plan is pronounced and at request from the administrator or Supervisory Judge, if still required, the Court shall cancel the attachment already put against any Debtor's assets.
- (3) Provisions as referred to in paragraphs (1) and (2) shall also apply to enforcement and attachment already commenced to the unsecured assets, although the enforcement and attachment related to Creditor's claim which guaranteed with lien, fiduciary security, security right, mortgage, or other collateral rights on property, or with the preferred right relating to certain property based on law.

Article 243

- (1) suspension of obligation for payment of debt shall not cease the proceedings already commenced by the Court nor preclude the initiation of new proceedings.
- (2) In the matter that the case as referred to in paragraph (1) regarding the proceedings for payment of receivables already acknowledged by Debtor, while the plaintiff has no interest in obtaining a judgment to enforce right to the third party, after recording of the acknowledgment, the Judge can suspend the judgment until the suspension of obligation for payment of debt expires.
- (3) The Debtor without the administrator's approval cannot act as a plaintiff or defendant in case pertaining to right or obligation relating to its assets.

Article 244

With due regards to the provision of Article 246, the suspension of obligation for payment of debt shall not apply to:

- a. Claims secured with lien, fiduciary security, security right, mortgage, or other collateral rights on property.
- b. Claims for maintenance fee, supervision or training expenses that have been due and payable and Supervisory Judge shall determine the amount of claims already arising and have not yet paid before rescheduling not constituting claims with preferred right; and
- c. Claims with preferred right to certain or entire Debtor's assets not included under paragraph (1) item (b).

Article 245

Payment of all debts other than that as referred to in Article 244 already arising before issue of rescheduling during effectiveness of rescheduling shall not be made, unless such debt payment is made to all Creditors, according to proportion of their respective receivables without prejudice to effectiveness of provision as referred to in Article 185 paragraph (3).

Article 246

Provisions as referred to in Article 56, Article 57 and Article 58 shall apply mutatis mutandis to implementation of Creditor's right as referred to in Article 55 paragraph (1) and preferred Creditors, provided that the stay shall apply during the continuation of the suspension of obligations for payment of debt.

Article 247

- (1) Whosoever is a Debtor or Creditor of Debtor's bankruptcy estate may request for a set-off, if his claims or indebtedness existed before the suspension of obligation for payment of debt.
- (2) Receivables to Debtor as referred to in paragraph (1) shall be calculated according to provisions as referred to in Article 274 and Article 275.

Article 248

- (1) A person who has taken over an indebtedness or claim from bankruptcy estate before the suspension of obligation for payment of debt is applied may not request for set-off of the claims and indebtedness, if the take-over is carried out in bad faith.
- (2) No set-off of claims and indebtedness may be made if the take over shall occur after the suspension of obligation for payment of debt.
- (3) Provisions as referred to in Article 53 and Article 54 shall apply for debts set off provided in this Article.

Article 249

- (1) Where at the time a decision of suspension of obligation for payment of debt is rendered, there is an executed contract which has not yet or has only partially been fulfilled, the party with whom the Debtor had contracted may request confirmation from the administrator with regard to the continuation of the performance of such contract within a time period to be consented by the administrator and such party.
- (2) Where no agreement is reached with regard to a time period as intended by paragraph (1), the Supervisory Judge shall determine such time period.
- (3) If within the time period as intended by paragraph (1) and paragraph (2), the administrator has not responded or is not willing to continue the performance

of such contract, the contract shall be terminated and, the party as intended by paragraph (1) may claim its damages as unsecured Creditor.

- (4) If the administrator states its willingness, the administrator shall provide security for such willingness for the performance of such contract.
- (5) Provisions as referred to in paragraphs (1), paragraphs (2), paragraphs (3) and paragraphs (4) shall not apply to a contract that requires the Debtor to personally perform the contracted acts.

Article 250

- (1) In case the agreement as referred to in Article 248 already contains agreement on delivery of commercial goods within certain period and before delivery is made already the judgment of rescheduling is pronounced, the agreement shall become null and void, and in case the opposite party is harmed by the voidance, he may propose as concurrent Creditor to gain compensation.
- (2) In case the property renders loss due to deferment as referred to in paragraph (1), the opposite party shall pay compensation for such loss.

Article 251

- (1) In case having leased an object, the Debtor at approval of the administrator can annul the lease agreement, provided that by prior notification pursuant to the local customs.
- (2) The annulment as referred to under paragraph (1) shall also comply with the period according to agreement or in equity, provided that the period of 90 (ninety) days are sufficient.
- (3) In case the lease fee has been paid in advance, the lease agreement cannot be annulled earlier before the expiry of lease period already paid in advance.
- (4) As of the issuance of the decision of temporary suspension of obligation for payment of debt, the lease fee shall constitute Debtor's assets indebtedness.

Article 252

- (1) Immediately after the decision of temporary suspension of obligation for payment of debt is rendered, the Debtor shall be entitled to terminate employment relationship with its employees, provided that by complying with

provisions as referred to in Article 240 and by complying with period according to approval or provisions in the prevailing laws it being understood that work relation can be terminated by prior notification of 45 (forty five) days.

- (2) As of effectiveness of suspension of obligation for payment of debt, then salary and other expenses in such work relation shall become the Debtor's assets indebtedness.

Article 253

- (1) Payment to the Debtor who has been granted temporary suspension of obligation for payment of debt, but has not been notified or announced, to comply with the contract made before the suspension of obligation for payment of debt, shall release the person who was made the payment as long as he can prove that he is ignorant of such temporary suspension of obligation for payment of debt.
- (2) Payment as referred to in paragraph (1) that is made after the announcement of suspension of obligation for payment of debt, shall not release the bankruptcy estate, unless the person can prove that it is not possible for him to be aware of the announcement of suspension of obligation for payment of debt and the payment made under prevailing regulations, at his domicile, without prejudice to the right of the administrator to prove otherwise.

Article 254

Suspension of obligation for payment of debt shall not be applicable for the benefit of the co-Debtors and the guarantors.

Article 255

- (1) Suspension of obligation for payment of debt can be terminated at request of Supervisory Judge, one Creditor or more, or at the Court's initiative in the case of:
 - a. The Debtor during the terms of suspension of obligation for payment of debt for payment of debt acts in bad faith in conducting the administration of his estate;
 - b. The Debtor attempts to prejudice his Creditors;

- c. The Debtor violates article 240 paragraph (1);
 - d. The Debtor fails to perform actions imposed upon him by the Court at the time when suspension of obligation for payment of debt was granted, or fails to perform actions required by the administrators in the interest of the estate of the Debtor;
 - e. During the period of suspension of obligation for payment of debt, the condition of the estate of the Debtor evidently no longer allows for the continuation of the suspension of obligation for payment of debt; or
 - f. The condition of the Debtor cannot be expected to satisfy his obligations to the Creditors on time.
- (2) In the case as referred in paragraph (1) point (a) and point (e), the administrator shall be obligated to submit a petition for termination of the suspension of obligation for payment of debt.
 - (3) The Applicant, the Debtor, and management shall be heard on the date stipulated by the Court after due notification.
 - (4) Application for termination of rescheduling as referred to in paragraph (1) shall have been inspected within 10 (ten) days after submission of application and such Court's judgment shall be rendered within 10 (ten) days as of the inspection completes.
 - (5) The judgment shall include the reasons as the basis of such judgment.
 - (6) In case suspension of obligation for payment of debt is terminated based on provision hereof, the Debtor shall be declared bankrupt in similar judgment.

Article 256

Provisions as referred to in Article 11, Article 12, Article 13 and Article 14 shall apply mutatis mutandis to judgment on declaration of bankruptcy as the consequence of expire of suspension of obligation for payment of debt.

Article 257

Judgment on declaration of bankruptcy as the consequence of expiry of suspension of obligation for payment of debt shall be publicized according to the provisions as referred to in Article 15 paragraph (4).

Article 258

- (1) If the Court deems that the hearing of the petition for termination of the suspension of obligation for payment of debt cannot be completed before the date the Creditors are heard as referred in Article 255 paragraph (3), the Court shall be obligated to order the Creditors be notified in written form, that they will not be heard on such date.
- (2) If necessary, the Court shall thereafter determine as soon as possible another date for the session and in such event the Creditors must be summoned by the administrator.

Article 259

- (1) Debtor may at any time request the Court for revocation of the suspension of obligation for payment of debt on grounds that the condition of the bankruptcy estate is in such state, so that he can make his payment, provided that the administrator and Creditor shall be properly summoned and heard before the judgment is rendered.
- (2) Summon as referred to in paragraph (1) shall be made by Court Bailiff by using official registered mail, within not later than 7 (seven) days before Court hearing.

Article 260

During suspension of obligation for payment of debt, no petition for bankruptcy can be initiated against the Debtor.

Article 261

If the declaration of bankruptcy is stipulated based on one of the provisions under this Chapter, then Article 15 shall apply.

Article 262

- (1) In case the Debtor is declared bankrupt according to provisions in this Chapter, the following provisions shall apply:
 - a. the period as referred to in Article 42 and Article 44 shall be calculated as of issuance of judgment on suspension of obligation for payment of debt;

- b. legal act committed by Debtor after being approved by the administrator to conduct the same shall be considered as legal act conducted by Curator and the Debtor's assets during effectiveness of suspension of obligation for payment of debt shall constitute bankruptcy estate's indebtedness;
 - c. Debtor's obligation arising after rescheduling period without approval from the administrator shall not be charged to the Debtor's assets, except if the estate has benefited as a result thereof;
- (2) In case petition for suspension of obligation for payment of debt is proposed within 2 (two) months before the expiry of suspension of obligation for payment of debt, provision in paragraph (1) shall also apply to subsequent suspension of obligation for payment of debt period.

Article 263

Service fee for expert appointed based on provision as referred to in Article 238 shall be stipulated by the Supervisory Judge and paid from the Debtor's assets firstly.

Article 264

Provision of international law as referred to in Article 212, Article 213 and Article 213 shall apply mutatis mutandis in case of suspension of obligation for payment of debt.

Part Two Composition

Article 265

Debtor shall be entitled at the time of filing petition for suspension of obligation for payment of debt or afterwards offer composition to the Creditor.

Article 266

- (1) In case the composition plan is not available at Registrar's Office of the Court as referred to in Article 225, the plan shall be proposed before hearing day as referred to in Article 226 or on the subsequent date by remaining provision as referred to in Article 228 paragraph (4).

- (2) The copy of composition plan shall be notified to Supervisory Judge, administrator and expert, if any.

Article 267

In case before absolute decision on composition ratification there is judgment of Court stating that suspension of obligation for payment of debt expires, the composition plan shall be forfeited.

Article 268

- (1) In case the composition plan has been proposed to the Registrar, the Supervisory Judge shall determine:
 - a. the latest date of submission of claims to the administrator;
 - b. date and time of composition plan proposed shall be discussed and resolved in Creditor's meeting chaired by the Supervisory Judge.
- (2) The period between days as referred to in paragraph (1) point (a) and point (b) shall be at the shortest 14 (fourteen) days.

Article 269

- (1) The administrator shall announce determination of time as referred to in Article 268 paragraph (1) together with incorporation of composition plan, except it is already announced according to provision as referred to in Article 226.
- (2) The administrator shall also notify any matters as referred to in paragraph (1) by using registered mail or hand-delivered to all known Creditors, and this notification shall contain provisions as referred to in Article 270 paragraph (2).
- (3) Creditor can personally appear before or represented by an Attorney-in-fact by virtue of power of attorney.
- (4) Administrator may require the Debtor to provide them advance payment at amount stipulated by management to cover expenses for such announcement and notification.

Article 270

- (1) The claims shall be addressed to the administrator by submitting invoice or other written evidences mentioning nature and amount of claims furnished with supporting evidences or copy of the evidences.
- (2) Creditor may requests the administrator to issue the receipt upon claims addressed to the administrator as referred to in paragraph (1).

Article 271

All calculations already incorporated by the administrator shall be verified against the notes and report from the Debtor.

Article 272

The administrator shall make list of receivables containing name, address of Creditor, total each receivable, explanation of receivables and whether the receivable is admitted or denied.

Article 273

- (1) Receivables bearing interest shall be incorporated in list as referred to in Article 272 furnished with interest calculation through date of announcement of decision on suspension of obligation for payment of debt.
- (2) Provisions as referred to in Article 135, Article 139, Article 140, Article 141, and Article 142 paragraph (1) and paragraph (2) shall apply mutatis mutandis in case of suspension of obligation for payment of debt.

Article 274

- (1) Any claims with condition precedent can be incorporated in list as referred to in Article 272 for value that applied at the time of the commencement of suspension of obligation for payment of debt.
- (2) If the administrator and Creditor fail to reach an agreement on the determination of the value of such claims, such claim shall be conditionally admitted.

Article 275

- (1) A claim which can be collected at a time not stipulated or which gives the right in a periodical allowance shall be entered in the list at a value at the time of suspension of obligation for payment of debts is commenced.
- (2) All claims which may only be collected one year after the suspension of obligation for payment of debts is applicable shall be treated as if collectible after one year, as from the time suspension of obligation for payment of debts is applicable, shall be entered in the list after the lapse of such time.
- (3) All claims which can be collected after lapse of 1 (one) year as of issuance of decision of suspension of obligation for payment of debts shall be incorporated in list for value effective 1 (one) year after decision of suspension of obligation for payment of debts is rendered.
- (4) Calculation of the claim's value as referred to in paragraphs (2) and (3) shall take into account:
 - a. time and method of installment;
 - b. the benefits potentially gained; and
 - c. the interest rate agreed.

Article 276

- (1) The management shall provide copy of list as referred to in Article 272 in the Registrar's Office of the Court for inspection within 7 (seven) days before the meeting as referred to in Article 268 by everyone free of charge.
- (2) Provision of copy as referred to in paragraph (1) shall be made free of charge.

Article 277

- (1) By remaining taking into account the term of rescheduling as referred to in Article 228 paragraph (4), at request of management or due to his position, the Supervisory Judge can postpone discussion and voting on reconciliation plan.
- (2) In case of postponement of discussion and voting as referred to in paragraph (1), provision as referred to in Article 269 shall apply.

Article 278

- (1) In meeting of composition plan both administrator and expert if already appointed shall submit written report on the composition plan being offered.
- (2) Provisions as referred to in Article 150 shall apply mutatis mutandis in case of suspension of obligation for payment of debts.
- (3) Claims incorporated to the administrator after lapse of term as referred to in Article 268 paragraph (1) item a shall, provided that incorporated within not later than 2 (two) days before the meeting is held, contain list of claims at request from the meeting, if the administrator and Creditors have no objection.
- (4) Claims incorporated after the term as referred to in paragraph (3) will not be incorporated in such list.
- (5) Provision on term as referred to in paragraph (2) and paragraph (3) shall not apply if the Creditor has domicile beyond territory of the Republic of Indonesia constituting preclusion to firstly report itself.
- (6) In case the objection as referred to in paragraph (2) and paragraph (3) is filed, or in case there is disputes as to whether there is any preclusion or not as referred to in paragraph (5), the Supervisory Judge shall stipulate the same after asking for opinion of the meeting.

Article 279

- (1) The administrator, in such meeting, shall have the right to recall every acknowledgment or contests made.
- (2) The Creditor can deny receivables acknowledged by the administrator as a whole or partially.
- (3) Acknowledgment or denial in a meeting shall be recorded in aforementioned list.

Article 280

The Supervisory Judge shall determine whether and to what extent the Creditors whose claims have been denied to, may participate in the casting of votes.

Article 281

- (1) Composition plan can be accepted based on:

- a. approval of more than $\frac{1}{2}$ (a half) of total concurrent Creditors whose right is acknowledged or temporarily acknowledged present in Creditor's meeting as referred to in Article 268 including Creditor as referred to in Article 280, who jointly represent at least $\frac{2}{3}$ (two-thirds) of part of entire collection acknowledged or temporarily acknowledged from concurrent Creditor or its Attorney-in-fact present in the meeting; and
 - b. approval of more than $\frac{1}{2}$ (a half) of total Creditors whose receivable is guaranteed by lien, fiduciary security, security right, mortgage, or other collateral rights on property present or representing at least $\frac{2}{3}$ (two-thirds) of entire collection from the Creditor or its Attorneys-in-fact present in the meeting.
- (2) Creditors as referred to in paragraph (1) item b who could not approve the composition plan shall be provided with compensation to amount to the lowest value among guarantee value or loan actual value directly guaranteed with collateral right to the objects.
 - (3) Provisions as referred to in Article 152 and Article 153 shall also apply in voting to accept the composition plan as referred to in paragraph (1).

Article 282

- (1) Minutes of meeting chaired by the Supervisory Judge shall contain the content of composition plan, name of Creditor present and be entitled to cast vote, notes on votes issued by the Creditor, the result of voting, and notes on all other events in the meeting.
- (2) Creditor List made by the administrator already added or amended in the meeting, shall be signed by the Supervisory Judge and Substitute Registrar as well as shall be attached to the minutes of the relevant meeting.
- (3) The copy of minutes of meeting as referred to in paragraph (1) shall be made available in Registrar's Office of the Court within not later than 3 (three) days after meeting.
- (4) Copy of minutes of meeting can be inspected by everybody for 8 (eight) days after date of availability without any charges.

Article 283

- (1) The Debtor and Creditors who voted in favor of the composition plan may, within 8 (eight) days after the date of the voting, request the Court to correct the minutes of meeting if based on available document it is evident that the Supervisory Judge erred in considering the composition to have been rejected.
- (2) If the Court makes corrections to the minutes, then under the same decision the Court shall determine the date for ratification of the composition which shall be done between 8 (eight) and 14 (fourteen) working days after the decision of the Court correcting such minutes has been rendered.
- (3) The administrator shall be obligated to notify the Creditors regarding the Court's decision as referred to in paragraph (2) and this decision shall have the effect that the declaration of bankruptcy under article 289 becomes null and void.

Article 284

- (1) IF the composition plan has been accepted, the Supervisory Judge shall be obligated to submit a written report to the Court on the date fixed for purposes of ratification of the composition, and on the date so fixed the administrator and the Creditors may submit reasons which cause them to accept or reject the composition plan.
- (2) Provisions as referred to in Article 158 paragraph (2) shall apply mutatis mutandis on the implementation of provision in paragraph (1).
- (3) The Court may postpone and determine the hearing date for ratification of composition which shall be held within not later than 14 (fourteen) days after the hearing date as referred to in paragraph (1).

Article 285

- (1) The Court shall be obligated to render a decision regarding the ratification of the composition together with the reasons therefore at the hearing as referred to in Article 284 paragraph (3).
- (2) The Court shall deny to ratify reconciliation, if:
 - a. The Debtor's assets, including goods for which a right of retention is enforced, is much larger than the amount agreed in the composition;

- b. The implementation of the composition is not sufficiently assured;
 - c. The composition was reached by fraud, or collusion with one or more Creditors, or due to the use of other dishonest means and regardless of whether the Debtor or other parties cooperated to achieve this; and/or
 - d. The service fees and expenses incurred by the experts and the administrator have not yet been paid or no security for payment thereof has been given.
- (3) In case the Court denies to ratify the composition then in similar judgment the Court shall declare the Debtor is bankrupt and the judgment shall be announced in the State Gazette of the Republic of Indonesia and at least in 2 (two) daily newspapers as referred to in Article 226 within not later than 5 (five) days after the judgment is accepted by Supervisory Judge and Curator.
- (4) Provisions as referred to in Article 11, Article 12, and Article 13 shall apply mutatis mutandis to the ratification of the composition, but shall not apply to the denial of composition.

Article 286

Composition already ratified shall bind all Creditors, except Creditor failing to approve the composition plan as referred to in Article 280 paragraph (2).

Article 287

A decision approving the final settlement, with respect to the minutes referred to in Article 282 concerning the claim uncontested by the Debtor in bankruptcy, shall be the basis of right which may be enforced against the Debtor in bankruptcy and those who have bound themselves as guarantors for such composition.

Article 288

Suspension of obligation for payment of debts shall expire upon decision on composition ratification has become final and binding and the administrator shall announce this expiration in the State Gazette of the Republic of Indonesia and at least in 2 (two) daily newspapers as referred to in Article 227.

Article 289

If the composition plan is rejected, the Supervisory Judge shall be obligated to immediately notify the Court of this rejection by means of delivery of a copy of the composition plan to such Court and the minutes of the meeting as referred to in Article 282, and in such event the Court shall declare the Debtor to be bankrupt at the latest of 1 (one) day after the Court received the notification of rejection from the Supervisory Judge by taking into account the provision as referred to in Article 283 paragraph (1).

Article 290

In case the Court has declared the Debtor is bankrupt, provision on bankruptcy as referred to in CHAPTER II, Article 11, Article 12, Article 13, and Article 14 shall apply.

Article 291

- (1) Provisions as referred to in Article 170 and Article 171 shall apply mutatis mutandis on cancellation of composition.
- (2) In judgment of Court canceling composition, the Debtor shall also be declared bankrupt.

Article 292

In a judgment of declaration of bankruptcy passed based on provisions as referred to in Article 285, Article 286 or Article 291, a composition can not be offered.

Article 293

- (1) No legal actions can be initiated to judgment of Court based on Provision in this CHAPTER III, unless stipulate otherwise under this Law.
- (2) Cassation can be filed by Attorney General for the sake of law.

Article 294

The submission of the petition based on provisions as referred to in Article 237, Article 255, Article 256, Article 259, Article 283, Article 285, Article 290 and Article 291 must be signed by advocate acting by virtue of specific power of attorney, unless if it is being submitted by the administrator.

CHAPTER IV PETITION FOR JUDICIAL REVIEW

Article 295

- (1) Against decision which has become final and binding, a petition for judicial review can be filed to the Supreme Court, unless stipulated otherwise herein.
- (2) Petition for judicial review can be filed, if:
 - a. Important new evidence is found, which if it had been known during the prior stage of the hearings, would have resulted in a different decision; or
 - b. If such judge's decision has contained a major error in the application of law.

Article 296

- (1) The petition for judicial review based on ground as referred to in Article 295 paragraph (2) item (a) shall be made within period at the latest 180 (one hundred eighty) days calculated from the date on which the decision for which the judicial review is requested became final and binding.
- (2) Petition for judicial review based on ground as referred to in Article 295 paragraph (2) item (b) shall be made within period at the latest 180 (one hundred eighty) days calculated from the date on which the decision for which judicial review is requested became final and binding.
- (3) Petition for judicial review shall be submitted to Court Registrar's Office.
- (4) The Registrar shall register the petition of judicial review on submission, and the petitioner shall be provided with written receipt executed by the Registrar with date similar to date of the registration of the petition.
- (5) The Registrar shall submit application for judicial review to Registrar's Office of the Supreme Court within 2 (two) days after the registration date of petition.

Article 297

- (1) The party submitting a petition for judicial review shall be obligated to deliver to the Registrar the supporting evidence which forms the basis of the

submission of the petition for judicial review and to the respondent a copy of the petition for civil review together with the supporting evidences, on the date the petition was registered as referred to in Article 296 paragraph (4).

- (2) Notwithstanding provision as referred to in paragraph (1), the Registrar shall deliver a copy of the petition for judicial review with the supporting evidence to the respondent within not later than 2 (two) days after registration date of the petition.
- (3) The respondent party may submit a response to the petition submitted for judicial review, within a time period of 10 (ten) days calculated from the date the petition was registered.
- (4) The Registrar shall submit the reply as referred to in paragraph (3) to Registrar's Office of the Supreme Court within not later than 12 (twelve) days calculated from the date the petition was registered.

Article 298

- (1) The Supreme Court shall immediately examine and pass judgment on the application for judicial review within not later than 30 (thirty) days after the receipt date of application by the Registrar's Office of the Supreme Court.
- (2) Decision on a petition for civil review must be rendered in a hearing open to public.
- (3) Within not later than 32 (thirty two) days calculated from the date of the petition is received by the Registrar of the Supreme Court, the Supreme Court shall be obligated to deliver to the parties copies of the judicial review decision containing in full the legal considerations which form the basis for such decision.

CHAPTER V MISCELLANEOUS PROVISIONS

Article 299

Unless stipulates otherwise herein, the prevailing procedural law shall be Civil Procedural Law.

Article 300

- (1) The Court as referred to herein, besides examining and adjudicating the case on petition for declaration of bankruptcy and suspension of obligation for payment of debts, shall also be authorized to examine and adjudicate of other cases in commercial aspect which shall be stipulated by law.
- (2) Establishment of Court as referred to in paragraph (1) shall be made gradually by virtue of the Presidential Decree, by taking into account need and preparedness of resources required.

Article 301

- (1) The Court shall examine and adjudicate on case in the first instance by panel judge.
- (2) Any matters relating to other case in commercial sector as referred to in Article 300 paragraph (1), the Chairman of Supreme Court can determine type and value of case which in the first instance is examined and adjudicate by sole judge.
- (3) In performing the duties, the judges of the Court shall be assisted by the registrar or substitute registrar and bailiff.

Article 302

- (1) The judges of the Court shall be appointed based on the Decree of the Chairman of Supreme Court.
- (2) Requirements to be appointed as a judge as referred to in paragraph (1) shall be as follows:
 - a. already experienced as judge in General Judicature;
 - b. having dedication and controlling knowledge in problems being scope of Court competence;
 - c. having integrity, honest, just and no immoral act; and
 - d. already successful in completing special training program as judge in Court.
- (3) By remaining taking into account requirements as referred to in paragraph (2) item b, item c and item d, by virtue of the Decree of the President and at proposal of Chairman of Supreme Court, an expert can be appointed as an

ad hoc judge, whether in the first, cassation and judicial review instance court.

Article 303

The Court shall remain be competent to examine and adjudicate the petition for declaration of bankruptcy from contracting parties containing arbitration clause provided that the debt being basis of application for bankruptcy has fulfilled the requirements as referred to in Article 2 paragraph (1) hereof.

CHAPTER VI TRANSITIONAL PROVISION

Article 304

The case which upon effectiveness hereof:

- a. has been already examined and the judgment has been adjudicated but not yet be enforced or already examined but not yet adjudicated shall be settled based on the previous legislation in bankruptcy before effectiveness hereof;
- b. has been already filed but not yet examined, shall be settled based on provisions in this Law.

Article 305

All legislations constituting the implementation of Bankruptcy Law (Faillissements-verodening Staatsblad 1905:217 juncto Staatsblad 1906:348) amended with Government Regulation In Lieu Of Law No. 1 of 1998 on Amendment to Bankruptcy Law stipulated as Law by virtue of Law Number 4 of 1998 upon promulgation of this Law shall remain effective provided as long as it is not contradictory to and/or not yet preceded by new regulation herein.

CHAPTER VII CLOSING

Article 306

Commercial Court in District Court of Central Jakarta established by virtue of Article 281 paragraph (1) of Government Regulation In Lieu Of Law No. 1 of 1998 on Amendment to Bankruptcy Law already stipulated as Law Number 4 of 1998, shall remain competent to examine and pass judgment of case being scope of task of Commercial Court.

Article 307

Upon effectiveness of this Law, Bankruptcy Law (Faillissements-verodening Staatsblad 1905:217 juncto Staatsblad 1906:348) and Law Number 4 of 1998 regarding Stipulation of Government Regulation In Lieu Of Law No. 1 of 1998 regarding Amendment to Bankruptcy Law to become Law (the State Gazette of the Republic of Indonesia of 1998 Number 135, Supplement Number 3778) shall be revoked and declared null and void.

Article 306

This Law shall become effective as of the date of promulgation.
For public cognizance, it is instructed to promulgate this Law by inserting the same in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On

PRESIDENT OF THE REPUBLIC OF INDONESIA

signed

MEGAWATI SOEKARNOPUTRI

Promulgated in Jakarta

On

SECRETARY OF THE STATE OF THE REPUBLIC OF INDONESIA

Signed: BAMBANG KESOWO

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF... NUMBER...

**DRAFT
ELUCIDATION
OF
DRAFT OF
LAW OF THE REPUBLIC OF INDONESIA
NUMBER ... OF ...
BANKRUPTCY AND SUSPENSION OF OBLIGATION FOR PAYMENT OF DEBTS**

I. GENERAL

The national development of legal system in order to create just and prosperous society on the basis of Pancasila and 1945 Constitution is aimed at the improvement of national legal system, in particular legal products that are needed to support national economic development.

National legal products that ensure certainty, order, enforcement, and legal protection that have justice and the truth as the essence are expected to support national economic development and growth and to safeguard and support the fruits of national development.

One of the legal instruments that are needed to support national economic development is bankruptcy regulation including regulations on suspension of obligation for payment of debts that has previously been governed by Bankruptcy Law (Faillissements-verorderening, State Gazette Number 217 of 1905 in conjunction with the State Gazette Number 348 of 1906).

The development of economy and trade and the effect of globalization on the business world and the fact that the majority of the capitals obtained by the entrepreneurs comes from various sources, including banks, investment, issuance of bonds and notes or other legally permitted sources, have result in many debt-related problems among the society.

The monetary crisis affecting Asian countries, including Indonesia, since the mid of 1997, has caused big troubles to national economy and trade. The ability of the business community in developing their businesses is adversely affected to the point that it is even difficult for the business community to survive. This in turn affects their ability to perform their debt payment obligations. This triggers other problems,

which, if not immediately addressed, will have wider consequences, including the loss of job opportunities and other social problems.

To facilitate the business community in their efforts to settle their debt obligations in a fair, speedy, open and effective manner, a legal instrument is needed. For that reason, on April 22, 1998, a Government Regulation in lieu of Law Number 1 of 1998 on the Amendment to Bankruptcy Law, this was subsequently enacted as law with Law Number 4 of 1998. The amendments were made because the Bankruptcy Law (Faillissements-verorderingen, State Gazette Number 217 of 1905 in conjunction with the State Gazette Number 348 of 1906) that was the legal product of the Dutch government no longer fitted the need of the society in the settlement of debt-related problems.

The amendments to the Bankruptcy Law were made by revising, adding and deleting provisions that are considered as obsolete considering the need and legal development in the society. In time, some weaknesses and deficiencies are identified in the Law Number 4 of 1998.

Judging from the above condition, it is deemed necessary to create a bankruptcy and suspension of obligation for payment of debts law as a national legal product that suits the legal need of the society.

The bankruptcy and suspension of obligation for payment of debts law governs bankruptcy declaration decision that will cause a person to be considered as incompetent in taking legal acts and possessing and managing his assets since the date of the bankruptcy decision is rendered.

The main requirement for declaring a person as bankrupt shall be a person shall have at least 2 (two) creditors and fails to pay in full one of his debts that have become payable. The regulation of this debt payment affair concerns the interest of both the debtor and the creditors. With the issuance of bankruptcy declaration decision, it is expected that the assets of the bankrupt debtor can be used to pay all of the debtor's debts in just and proportional manner.

A petition for declaration of bankruptcy may be filed by one or more creditors, the debtor himself or the public prosecutor for public interest. The bankruptcy shall not release a person from his obligations to pay his debts.

Some factors behind the need to regulate the bankruptcy and suspension of obligation for payment of debts include:

First: To prevent creditors from illegally claiming the debtor's assets when there are more than one creditor at the same time.

Second: To prevent creditors holding security right in respect of a property from selling the debtor's property without considering the interest of both the debtor and other creditors.

Third: To avoid fraud or dishonest practices by one of the creditors or by the debtor himself. For example, the debtor tries to give advantages to one or more creditors and to harm the interest of other creditors or the debtor tries to hide or dispose of his assets in order to free himself from his obligations to the creditors.

The bankruptcy and suspension of obligation for payment of debts law is based on some principles. These principles are:

1. The Principle of Balance

The law contains provisions that are the manifestation of the principle of balance, namely on one hand, there are provisions that prevent the dishonest debtor with bad faith from misusing bankruptcy institution, on the other hand, there are provisions that prevent the dishonest debtor and creditors with bad faith from misusing bankruptcy institution.

2. The Principle of Going Concerns

In this law, there are provisions that enable a prospective company of the debtor to survive.

3. The Principle of Justice

In bankruptcy the principle of justice means that the bankruptcy provisions can satisfy interest parties' need for justice. The principle of justice is aimed at preventing overreaction by the creditors in their efforts to claim payments from the debtor that they neglect the interest of other creditors.

4. The Principle of Integration

The principle of integration in this law means that the formal legal system and material legal system constitute an integral part of civil legal system and national civil law of procedure.

The new bankruptcy and suspension of obligation for payment of debts law has wider coverage in terms of norms, scope of material, and process of debt settlement. The wider coverage is needed considering the development and legal need of the society, while the existing statutory provisions are not sufficient to

provide a legal means for settling debt-related problems in just, speedy, open and effective manner.

Some new materials in this bankruptcy and suspension of obligation for payment of debts law include:

First: In order to avoid different interpretation of the law, the definition of debt is strictly defined. The same is also the case with the term of maturity.

Second: the conditions and procedure of petition for declaration of bankruptcy and petition for suspension of obligation for payment of debts. Definite time limit for the issuance of judicial decisions on petition for declaration of bankruptcy and petition for suspension of obligation for payment of debts is regulated in this law.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear

Article 2

Paragraph (1)

The “Creditor” in this paragraph shall mean concurrent creditor, separated creditor, and preferred creditor. Specifically for separated creditor and preferred creditor, they may file a petition for declaration of bankruptcy without losing their collateral right in respect of the Debtor’s properties and their prioritized right.

In case of syndicated creditors, each of the creditors shall mean the creditor as referred to in Article 1 point 2.

“Debt which has become due and payable” shall mean the obligation to pay debt that has become due, either under the contract, accelerated or due to the sanctions imposed by the regulatory body or decision of the court, arbitrator or panel of arbitrators.

Paragraph (2)

The attorney general may file a petition for declaration of bankruptcy on the ground of public interest provided that the conditions as referred to in Article 2 paragraph (1) have been

satisfied and there is no other party that files a petition for declaration of bankruptcy.

“Public interest” is the interest of the nation and the state and/or public at large. For example:

- a. The debtor escapes;
- b. The debtor hide part of his assets;
- c. The debtor has indebtedness to State Enterprises or legal entities that raise funds from the society;
- d. The debtor owns money that come from funds raised from the public at large scale;
- e. The debtor demonstrates no good faith or is uncooperative in the settlement of his debt that has become mature; or
- f. Any other cases that in the opinion of the attorney office concern public interest.

The procedure for filing petition for declaration of bankruptcy is the same as the procedure for filing petition for declaration of bankruptcy by debtor or creditor on condition that the petition may be filed by prosecutor without advocates.

Paragraph (3)

“Bank” shall mean the bank as defined in the prevailing law and regulation. The filing of petition for declaration of bankruptcy against a bank shall be under the authority of Bank of Indonesia and is solely based on the evaluation of the financial condition and banking condition in overall and, therefore, no accountability report is necessary. The authority of Bank of Indonesia to file a petition for declaration of bankruptcy shall not be prejudice to the Bank of Indonesia’s authority to revoke banking permits, to dissolve legal entities and to liquidate banks in accordance with the prevailing laws and regulations.

Paragraph (4)

The petition for declaration of bankruptcy in this paragraph may be filed by Capital Market Supervisory Board because the institution engages in activities that concern the

people's funds that are invested in the securities under the supervision of Capital Market Supervisory Board.

Capital Market Supervisory Board also possesses full authority to file petition for declaration of bankruptcy against institutions under its supervision, like bank of Indonesia's authority towards banks.

Paragraph (5)

"Insurance Company" shall mean Life Insurance Company and Loss Insurance Company.

Insurance Company and Reinsurance Company shall be Insurance Company and Reinsurance Company as defined in the Insurance Law.

The authority to file petition for declaration of bankruptcy against Insurance Company and Reinsurance Company shall be on the hand of the Minister of Finance. The provision is needed to build the public trust in insurance company or Reinsurance Company as risk management institutions and public fund management institutions that plays strategic role in the development and economic life.

"Pension funds" shall mean the pension funds as defined in Pension Funds Law.

The authority to file petition for declaration of bankruptcy against Pension Funds shall be on the hand of the Minister of Finance. The provision is needed to build the public trust in pension funds considering that the Pension Funds manage the people's funds in substantial amount and the funds are the entitlement of the participants that are so many in numbers.

"State enterprise engaged in activities of public interest" shall mean a state enterprise, whose capital is wholly owned by the state and is not divided into shares.

The authority of the Minister of Finance to file petition for declaration of bankruptcy against agencies under its supervisions, like the authority of Bank of Indonesia as referred

to in paragraph (3) and Capital Market Supervisory Board as referred to in paragraph (4).

Article 3

Paragraph (1)

“Other matters” shall mean among others, *actio pauliana*, opposition from third party towards attachment, or case in which the Debtor, Creditor, Curator, or administrator becomes one of the parties to the bankruptcy-related case, including the curator’s civil suit against the Board of Directors that cause its company to be declared as bankrupt due to the Board of Directors’ failure or faults.

The procedural law applies to the hearing of the case that falls into the category of “other matters” shall be the civil law of procedure that applies to the petition for the declaration of bankruptcy including the limitation of case settlement.

Paragraph (2)

Sufficiently clear

Paragraph (3)

With regard to the bankruptcy petition decisions rendered by the more than one court that has jurisdiction over the same Debtor, on different dates, the decision rendered on the earlier date shall prevail.

With regard to the bankruptcy petition decisions against the same Debtor, rendered by different Courts on the same date, the decision of the court whose jurisdiction covers the domicile of the Debtor shall prevail.

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear

Article 4

Paragraph (1)

The provisions shall apply only if the petition is initiated by the Debtor. Spousal consent is needed as it concerns combined property.

Legal marital relation shall be evidenced by a deed of marriage issued by relevant agency.

Paragraph (2)

Sufficiently clear

Article 5

“Residence” shall mean the place where the shareholder is registered as resident. In case that the place of residence is unknown, his address shall be indicated.

“Name and place of residence” shall be as written in his or her Identity Card.

Article 6

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

The Registrar that violates this provision shall be punishable in accordance with the prevailing laws and regulation.

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear

Paragraph (6)

Sufficiently clear

Paragraph (7)

“Acceptable reason” shall mean the reason that is supported with valid evidence such as physician’s certificate of illness.

Article 7

Sufficiently clear

Article 8

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

“Fact or condition that requires simple substantiation” shall mean the fact that there are two or more Creditors and there is indebtedness that has become due and payable but remain outstanding. The differences in the value of the indebtedness as argued by the bankruptcy petitioner and bankruptcy petitionee shall not prevent the issuance of bankruptcy declaration decision.

Paragraph (5)

Sufficiently clear

Paragraph (6)

Letter a

Sufficiently clear

Letter b

Legal consideration or dissenting opinion of the member judges or presiding judge shall be written in the attachment to the court decision.

Paragraph (7)

Sufficiently clear

Article 9

“The party that files the petition for the declaration of bankruptcy” shall mean Creditor, Attorney General, Bank of Indonesia, Capital Market Supervisory Board or the Minister of Finance.

Article 10

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

The safeguarding efforts as referred to in this provision shall be preventive and temporary and are aimed at preventing the Debtor from doing unfavorable things to his assets that may harm the interest of the Creditors.

However, to preserve the balance between the Debtor’s interest and the Creditor’s interest, the court may require that the Creditor provide guarantee in reasonable amount if the request for the safeguarding is granted. In prescribing the requirements of the guarantee for all assets of the Debtor, type of the Debtor’s asset and the amount of the guarantee shall be equal to the value of possible losses that may be suffered by the Debtor if the petition for declaration of bankruptcy is denied by the court.

Article 11

Sufficiently clear

Article 12

Paragraph (1)

Sufficiently clear

Paragraph (2)

See elucidation of Article 6 paragraph (3)

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Article 13

Sufficiently clear

Article 14

Sufficiently clear

Article 15

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

“Being independent and having no conflict of interest” shall mean the existence of the Curator does not depend on the Debtor or the Creditor and the Curator does not have the same economic interest as that of the Debtor or the Creditor.

Paragraph (4)

“At least 2 (two) newspapers” shall mean:

1. a newspaper with national circulation; and
2. local newspaper circulated in the domicile of the debtor.

Article 16

Paragraph (1)

“Liquidation” in this provision shall mean efforts to turn the assets into cashes in order to pay the debts in full.

Paragraph (2)

“Any acts taken by the Curator” shall mean acts taken for the management and liquidation of bankruptcy estate.

“Being valid and binding upon the Debtor” shall mean no suits may be brought before any courts in respect of the Curator’s acts.

Article 17

Paragraph (1)

Sufficiently clear

Paragraph (2)

The determination of the bankruptcy charge shall be made the Court’s Panel of Judges hearing and deciding the bankruptcy case on

the basis of details presented by the Curator after hearing the opinion of the Supervisory Judge.

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear

Article 18

Paragraph (1)

“Temporary creditor committee” shall mean the committee of Creditors established at verification meeting. While the committee of Creditors established after the verification meeting shall be permanent Creditors committee.

Paragraph (2)

Sufficiently clear

Paragraph (3)

See elucidation of Article 17 paragraph (2)

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear

Paragraph (6)

Sufficiently clear

Paragraph (7)

Sufficiently clear

Article 19

Sufficiently clear

Article 20

Paragraph (1)

See elucidation of Article 6 paragraph (3)

Paragraph (2)

Sufficiently clear

Paragraph (3)
Sufficiently clear

Paragraph (4)
Sufficiently clear

Article 21
Sufficiently clear

Article 22
Sufficiently clear

Article 23
Sufficiently clear

Article 24

Paragraph (1)

In case that the Debtor is a limited liability company, the organs of the said company shall function as usual provided anything that may causes reduction in the bankruptcy estate shall be under the authority of the Curator.

Paragraph (2)

“Local time” shall mean the time at the place where the bankruptcy declaration decision is rendered by the commercial court. For example, the decision is rendered in Jakarta on July 1, 2001 at 13:00 Indonesian Western Time, the decision shall be considered to be in effect since 00:00 Indonesian Western Time on July 1, 2001.

Paragraph (3)

Fund transfer through bank need to be excluded to ensure the smoothness and certainty of transfer system through banks.

Paragraph (4)

Securities Transaction at the Stock Exchange is excluded to ensure the smoothness and legal certainty of Securities Transaction at the Stock Exchange.

The completion of stock transaction at the Stock Exchange may be made by the closing of books or by any other manners in accordance with the capital market laws and regulations.

Article 25

Sufficiently clear

Article 26

Sufficiently clear

Article 27

Sufficiently clear

Article 28

Paragraph (1)

“Taking over the case” shall mean the Curator taking the place of the Creditor as the defendant.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Article 29

Sufficiently clear

Article 30

Sufficiently clear

Article 31

Paragraph (1)

Without prejudice to the provisions of Article 56, Article 57 and Article 58, the provisions shall apply only to the Creditor as referred to in Article 55.

Paragraph (2)

“If necessary, the Supervisory Judge shall order the removal” shall mean the removal of confiscation of land or registered vessel.

Paragraph (3)

“detention” in this provision shall mean imprisonment.

Article 32

Penalty fine in this Article shall include penalty fine imposed before the decision of the bankruptcy declaration.

Article 33

The proceeds of the Debtor's assets shall be included in the bankruptcy estate and shall not be paid to the person requesting the execution.

Article 34

Sufficiently clear

Article 35

Sufficiently clear

Article 36

Sufficiently clear

Article 37

Sufficiently clear

Article 38

Sufficiently clear

Article 39

Paragraph (1)

For the purpose of termination of employment, the Curator shall comply with the manpower law and regulation.

Paragraph (2)

“Wage” shall mean the right of an employee that is received and expressed in monetary units as the reward from the employer to the employee for the job or service done or given or to be done or to be given and is paid in accordance with work agreement, contract or the prevailing law, including the allowances for the employee and the family.

Article 40

Sufficiently clear

Article 41

Paragraph (1)

Sufficiently clear

Paragraph (2)

“The party which whom the act was done” in this provision shall mean the party for whose interest the agreement is entered into.

Paragraph (3)

Act that required by law, such as tax payment.

Article 42

Letter a

Sufficiently clear

Letter b

Sufficiently clear

Letter c

Point 1)

“Adopted child” shall mean a child adopted by virtue of a court ruling or the traditional law of the Debtor.
“the family” shall mean the relation by virtue of marriage or blood in both horizontal and vertical lines.

Point 2)

“Members of Board of Directors” shall mean members of the supervisory body or the persons participating in the ownership, including ever person that once assumed the position within the last 1 (one) year before the act is taken.

Letter d

“Ownership” shall mean the ownership of capital or the holding of shares.

Letter e

The control shall be the ability to direct, either directly or indirectly, in any manner whatsoever the management and or the policy of the company. Any person holding 25% (twenty five percent) or more of the issued voting shares in a company shall be considered to be in control of the company unless it gives evidence to the contrary. A person holding less than 25% of the issued voting shares in a company shall be considered not to be

in control of the company unless it gives evidence to the contrary.

Letter f

In the implementation of this provision, a legal entity that serves as a corporate member of board of directors shall be treated as a corporate member of board of directors.

Letter g

Sufficiently clear

Article 43

Under this provision, the Curator is not required to prove that the grant recipient knew or should have known that the act would bring harms to the Creditor.

Article 44

Sufficiently clear

Article 45

Sufficiently clear

Article 46

Sufficiently clear

Article 47

Sufficiently clear

Article 48

Sufficiently clear

Article 49

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

“In good faith and not for free” includes the holders of collateral right of the property.

Paragraph (4)

Sufficiently clear

Article 50

Sufficiently clear

Article 51

Sufficiently clear

Article 52

Paragraph (1)

“setoff” shall mean compensation.

Paragraph (2)

Sufficiently clear

Article 53

Sufficiently clear

Article 54

Sufficiently clear

Article 55

Sufficiently clear

Article 56

Paragraph (1)

The postponement in this provision is aimed at:

- increasing the possibility of reconciliation; or
- optimizing the bankruptcy estate; or
- enabling the Curator to perform its duties optimally.

During the suspension, no legal actions in order to get payment in respect of receivables may be brought before any court and the Creditor and any third party are prohibited from executing or requesting conservatory attachment in respect of the collateral.

Paragraph (2)

Excepted from the suspension is the right of the Creditor that arise from setoff that is part or the effect of a transaction mechanism at the Stock Exchange or at the Future Exchange.

Paragraph (3)

Bankruptcy estate that may be sold by the Curator shall be limited to the inventory and or current assets

even though such bankruptcy estate is secured with collateral right.

“Reasonable protection” shall mean the protection that needs to be given to protect the interest of Creditor or third party whose rights are suspended. Following the transfer of the property, the collateral right shall by law expire.

The protection may be in the form of:

- a. compensation for the reduction in value of the Bankruptcy estate;
- b. net sale proceeds;
- c. substitute material right; or
- d. reasonable and fair reward and cash payment (secured debt)

Paragraph (4)

Sufficiently clear

Article 57

Paragraph (1)

“Insolvency” shall mean the condition of being unable to pay debts.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear

Paragraph (6)

Matters that need to be considered by the Supervisory Judge as provided for in this provisions. It is not impossible for the Supervisory Judge to consider other matters to the extent necessary to safeguard and optimize the value of bankruptcy estate.

Article 58

Paragraph (1)

Sufficiently clear

Paragraph (2)

As to the protection given for the interest of the Creditor or third parties, see elucidation of Article 56 paragraph (3).

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Article 59

Paragraph (1)

“Must enforce its rights” shall mean that the Creditor shall start to enforce its rights.

Paragraph (2)

Sufficiently clear

Paragraph (3)

“The lower amount” shall mean the lower amount between the market price of the collateral and the amount of debt secured by the said collateral.

Article 60

Paragraph (1)

Sufficiently clear

Paragraph (2)

“Privileged creditor” shall mean the creditor holding the right as provided for in Articles 1139 and 1149 of the Civil Code.

Paragraph (3)

Sufficiently clear

Article 61

The right to retain the property of a Debtor shall continue until the full payment of the debt.

Article 62

Sufficiently clear

Article 63

This Article is exception of the provision of Article 62 paragraph (3).

Article 64

Sufficiently clear

Article 65

Sufficiently clear

Article 66

Sufficiently clear

Article 67

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Paragraph (5)

“blood family” shall include adopted child.

Article 68

Sufficiently clear

Article 69

Sufficiently clear

Article 70

Paragraph (1)

Sufficiently clear

Paragraph (2)

Letter a

“Special Skill” shall mean those who have taken and passed curator and manager education.

Letter b

“Being registered” shall mean having satisfied the registration requirements in accordance with the prevailing rules and being active member of curator or manager professional organization.

Article 71

Sufficiently clear

Article 72

Sufficiently clear

Article 73

Sufficiently clear

Article 74

Sufficiently clear

Article 75

Sufficiently clear

Article 76

In specifying the guide for the determination of the amount of Curator’s fee, the minister whose scope of work covers law and legislation shall consider the competence and skills of the Curator and the complexity of case.

Article 77

Sufficiently clear

Article 78

Sufficiently clear

Article 79

Paragraph (1)

“Recognized creditor” shall mean the Creditor who has registered for verification.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Article 80

Sufficiently clear

Article 81

Sufficiently clear

Article 82

Sufficiently clear

Article 83

Sufficiently clear

Article 84

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

The 3 (three) days period shall be after the date on which the Creditor committee request decisions from the Supervisory Judge, unless the Supervisory Judge justifies the Curator before the lapse of such 3 (three) days period.

Article 85

Sufficiently clear

Article 86

Sufficiently clear

Article 87

Paragraph (1)

“Attorneys-in-fact” in this paragraph does not have to be an advocate.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear
Paragraph (6)

Sufficiently clear

Article 88

Sufficiently clear

Article 89

Sufficiently clear

Article 90

Sufficiently clear

Article 91

“Stipulation” shall mean administrative stipulation such as the stipulation on the Curator’s fee, the appointment and dismissal of Curator.

“Court of final instance” shall mean that no remedy may be pursued with regard to the decision.

Article 92

Sufficiently clear

Article 93

Sufficiently clear

Article 94

Sufficiently clear

Article 95

Sufficiently clear

Article 96

Sufficiently clear

Article 97

Sufficiently clear

Article 98

Sufficiently clear

Article 99

Paragraph (1)

Sufficiently clear

Paragraph (2)

“Local government’s representative” shall mean the village chief or equal officer known by other titles.

Article 100

Sufficiently clear

Article 101

Sufficiently clear

Article 102

Sufficiently clear

Article 103

Sufficiently clear

Article 104

Paragraph (1)

See the Provision of Article 84

Paragraph (2)

Sufficiently clear

Article 105

Under Article 24 and Article 69, as of the date of the bankruptcy decision, all powers and authorities of the debtor to possess and manage bankruptcy estate, including obtaining information on accounting, records, bank account and debtor’s savings with a bank, shall pass to the Curator.

Article 106

Sufficiently clear

Article 107

Sufficiently clear

Article 108

“Kept by the Curator itself” in the sense that allow the possibility of stocks or commercial papers being kept by custodian but the responsibility remain on the hand of the Bankrupt Debtor. For example, deposit in the name of Curator, qq Bankrupt Debtor.

Article 109

“Composition” in this Article means the reconciliation in the pending case.

Article 110

Sufficiently clear

Article 110

Sufficiently clear

Article 111

“Commissioner” shall include the supervisory body.

Article 112

Sufficiently clear

Article 113

Sufficiently clear

Article 114

Sufficiently clear

Article 115

Sufficiently clear

Article 116

Sufficiently clear

Article 117

Sufficiently clear

Article 118

Sufficiently clear

Article 119

Sufficiently clear

Article 120

Sufficiently clear

Article 121

Sufficiently clear

Article 122

Sufficiently clear

Article 123

The power of attorney in this Article shall not refer to the power of attorney as provided for in Article 7 and the preparation and execution of a power of attorney shall be subject to law and regulation

of the country in which such power of attorney is prepared and executed.

Article 124

Sufficiently clear

Article 125

Paragraph (1)

Power of Attorney as referred to in this paragraph may be in the form of authentic deed or private deed.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Article 126

Sufficiently clear

Article 127

Paragraph (1)

“Court” in this paragraph shall mean district court, high court or Supreme Court.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear

Article 128

Paragraph (1)

Sufficiently clear

Paragraph (2)

“Advocate” in this paragraph shall mean the advocate as referred to in Article 7.

Paragraph (3)

Sufficiently clear
Paragraph (4)
Sufficiently clear
Paragraph (5)
Sufficiently clear
Article 129
Sufficiently clear
Article 130
A prudent Creditor shall personally visit the Registrar and the
Curator to inquire about the verification of its claims.
Article 131
Sufficiently clear
Article 132
Sufficiently clear
Article 133
Sufficiently clear
Article 134
Sufficiently clear
Article 135
Sufficiently clear
Article 136
Sufficiently clear
Article 137
Sufficiently clear
Article 138
Sufficiently clear
Article 139
Paragraph (1)
Sufficiently clear
Paragraph (2)
Sufficiently clear

Paragraph (3)

Middle Rate of Bank of Indonesia shall be quoted from the Transaction Rates of Bank Indonesia as displayed on daily basis that can be calculated with the following formula:

$$\frac{\text{Bank of Indonesia Selling Rate} + \text{Bank of Indonesia Buying Rate}}{2}$$

2

Article 140

Sufficiently clear

Article 141

Sufficiently clear

Article 142

Sufficiently clear

Article 143

Sufficiently clear

Article 144

Sufficiently clear

Article 145

Sufficiently clear

Article 146

Sufficiently clear

Article 147

Sufficiently clear

Article 148

Sufficiently clear

Article 149

Sufficiently clear

Article 150

Sufficiently clear

Article 151

“Approved” shall mean the approval of the creditors present at the meeting.

In case that a Creditor is present at the meeting but does not use its voting right, it will be considered as vote against pursuant to the provisions of Article 87 paragraph (2).

Article 152

Sufficiently clear

Article 153

Sufficiently clear

Article 154

Sufficiently clear

Article 155

Sufficiently clear

Article 156

Sufficiently clear

Article 157

Sufficiently clear

Article 158

Sufficiently clear

Article 159

Sufficiently clear

Article 160

Sufficiently clear

Article 161

Sufficiently clear

Article 162

Sufficiently clear

Article 163

Sufficiently clear

Article 164

Sufficiently clear

Article 165

Sufficiently clear

Article 166

Sufficiently clear

Article 167

Sufficiently clear

Article 168

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

The Supervisory Judge's stipulation is needed in case of the failure among the Debtor, Curator and Creditors to reach an agreement on the distribution.

Article 169

Sufficiently clear

Article 170

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

The concession may be granted 1 (one) time only during the whole process.

Article 171

Sufficiently clear

Article 172

Sufficiently clear

Article 173

Sufficiently clear

Article 174

Sufficiently clear

Article 175

Sufficiently clear

Article 176

Letter a

“Pro rata” shall mean the payments made in accordance with the value of each claim.

Letter b

“in part” shall mean partially.

Letter c

Sufficiently clear

Letter d

Sufficiently clear

Article 177

Sufficiently clear

Article 178

See elucidation of Article 57 paragraph (1)

Article 179

Sufficiently clear

Article 180

Sufficiently clear

Article 181

Sufficiently clear

Article 182

Sufficiently clear

Article 183

Sufficiently clear

Article 184

Sufficiently clear

Article 185

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Article 186

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Article 187

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Article 188

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Article 189
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Article 190
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Article 191
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Article 197
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Article 198
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Article 199
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Article 200
Sufficiently clear

Article 201
Sufficiently clear

Article 202
Sufficiently clear

Article 203
Sufficiently clear

Article 204
Sufficiently clear

Article 205

Paragraph (1)

Sufficiently clear

Paragraph (2)

“Drawn up in the form of enforceable judgment” shall mean summary of minutes of meeting that has executorial title.

Article 206

Sufficiently clear

Article 207

Sufficiently clear

Article 208

Sufficiently clear

Article 209

Sufficiently clear

Article 210

Sufficiently clear

Article 211

Sufficiently clear

Article 212

Sufficiently clear

Article 213

Paragraph (1)

The obligation to compensate for the bankruptcy estate shall amount to the payment from the Creditors receiving the transfer of claims on debt for the Bankrupt Debtor’s assets overseas.

Paragraph (2)

Sufficiently clear

Article 214

Paragraph (1)

The obligation to compensate the bankruptcy estate shall amount to the result of calculation of claims on debt obtained by the transferee of debt or accounts receivable overseas.

Paragraph (2)

Sufficiently clear

Article 215

“Rehabilitation” shall mean recovery of the Debtor’s reputation that is considered bankrupt by virtue of the Court judgment declaring that the Debtor has fulfilled its obligation.

Article 216

“Satisfactory payment” shall mean the acknowledged Creditors shall not file any claim anymore against the Debtor, although they probably do not receive the payment for all claims.

Article 217

Sufficiently clear

Article 218

Sufficiently clear

Article 219

Sufficiently clear

Article 220

Sufficiently clear

Article 221

Sufficiently clear

Article 222

Paragraph (1)

Sufficiently clear

Paragraph (2)

“Creditors” shall mean all creditors, both concurrent and secured.

Paragraph (3)

Sufficiently clear

Article 223

See of elucidation of Article 2 Paragraph (3), (4) and (5)

Article 224

If the Debtor is the petitionee, it shall file a petition for suspension of obligation for payment of debts.

If the Debtor is a limited liability company, it shall only file the petition for suspension of obligation for payment of debts at its own initiative after obtaining approval from General Meeting of Shareholders with quorum of attendance and validity of resolution equal to those required for filing a request for bankruptcy declaration.

Article 225

Sufficiently clear

Article 226

Sufficiently clear

Article 227

Sufficiently clear

Article 228

Paragraph (1)

“Attorneys-in-fact” in this paragraph shall not mean the Attorneys-in-fact as referred to in Article 7.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

“Attorneys-in-fact” in this paragraph shall not mean the Attorneys-in-fact as referred to in Article 7.

Paragraph (5)

Sufficiently clear

Paragraph (6)

Those who are entitled to determine whether the Debtor shall be given a permanent suspension of obligation for payment of debts shall be concurrent Creditors, whereas the Court shall only be authorized to stipulate the same based on concurrent Creditors’ approval.

Article 229

Sufficiently clear

Article 230

Paragraph (1)

Approval of the composition plan shall be attained within not later than on the 270th (two hundreds seventieth) day, whereas ratification thereof shall be given subsequently.

Paragraph (2)

For the Debtor, this is a consequence of this Article determining that if the petition for suspension of obligation for payment of debts is denied, the Court shall declare that Debtor is bankrupt.

In line with this matter, if the petition for suspension of obligation for payment of debts is granted, the Creditors that disapprove the same shall not file a cassation.

Article 231

Sufficiently clear

Article 232

Sufficiently clear

Article 233

Paragraph (1)

“Experts” shall mean those who have expertise in the field which being examined.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Article 234

Sufficiently clear

Article 235

Sufficiently clear

Article 236

Sufficiently clear

Article 237

Sufficiently clear

Article 238

Sufficiently clear

Article 239

Sufficiently clear

Article 240

Sufficiently clear

Article 241

“Assets” shall mean the Debtor’s assets, whereas “liabilities” shall mean the Debtor’s debt.

Article 242

Sufficiently clear

Article 243

Sufficiently clear

Article 244

Sufficiently clear

Article 245

Sufficiently clear

Article 246

Sufficiently clear

Article 247

Sufficiently clear

Article 248

Sufficiently clear

Article 249

Sufficiently clear

Article 250

Sufficiently clear

Article 251

Sufficiently clear

Article 252

Sufficiently clear

Article 253

Sufficiently clear

Article 254

Sufficiently clear

Article 255

Sufficiently clear

Article 256

Sufficiently clear

Article 258

Sufficiently clear

Article 259

Sufficiently clear

Article 260

“Ongoing suspension of obligation for payment of debts” shall mean that the suspension of obligation for payment of debts has not been terminated yet.

Article 261

Sufficiently clear

Article 262

Paragraph (1)

Sufficiently clear

Paragraph (2)

The period as referred to in paragraph (1) item (a) shall be calculated as of the stipulation of the first decision on temporary suspension of obligation for payment of debts.

Article 263

Sufficiently clear

Article 264

Sufficiently clear

Article 265

Sufficiently clear

Article 266

Sufficiently clear

Article 267

Sufficiently clear

Article 268

Sufficiently clear

Article 269

Paragraph (1)

Sufficiently clear

Paragraph (2)

Sufficiently clear

Paragraph (3)

“Attorneys-in-fact” in this paragraph shall not mean the Attorneys-in-fact as referred to in Article 7.

Paragraph (4)

Sufficiently clear

Article 270

Sufficiently clear

Article 271

Sufficiently clear

Article 272

Sufficiently clear

Article 273

Sufficiently clear

Article 274

Sufficiently clear

Article 275

Sufficiently clear

Article 276

Sufficiently clear

Article 277

Sufficiently clear

Article 278

Sufficiently clear

Article 279

Sufficiently clear

Article 280

Sufficiently clear

Article 281

Paragraph (1)

Sufficiently clear

Paragraph (2)

“Collateral value” shall mean the value of the collateral that can be chosen among which have already been determined in collateral document or collateral object value determined by the appraiser appointed by the Supervising Judge.

Paragraph (3)

Sufficiently clear

Article 282

Sufficiently clear

Article 283

Sufficiently clear

Article 284

Sufficiently clear

Article 285

Paragraph (1)

Sufficiently clear

Paragraph (2)

Letter a

“Right to retain objects” in this provision shall mean retention right.

Letter b

Sufficiently clear

Letter c

Sufficiently clear

Letter d

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Article 286
Sufficiently clear

Article 287
Sufficiently clear

Article 288
Sufficiently clear

Article 289
Sufficiently clear

Article 290
Sufficiently clear

Article 291
Sufficiently clear

Article 292
The provision in this Article shall mean that the decision on bankruptcy declaration shall directly cause the Debtor's assets to be insolvent.

Article 293
Sufficiently clear

Article 294
Sufficiently clear

Article 295
Sufficiently clear

Article 296
Sufficiently clear

Article 297
Sufficiently clear

Article 298
Sufficiently clear

Article 299
Sufficiently clear

Article 300
Sufficiently clear

Article 301

Sufficiently clear

Article 302

Sufficiently clear

Article 303

The provision in this Article intends to confirm that the Court shall remain authorized to hear and settle the petition for bankruptcy declaration from the parties, although the agreement on indebtedness they has drawn up contains an arbitration clause.

Article 304

Letter a

Sufficiently clear

Letter b

“Not yet examined” shall mean have not been trialed.

Article 305

Sufficiently clear

Article 306

Sufficiently clear

Article 307

Sufficiently clear

Article 308

Sufficiently clear