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Act relating to bankruptcy (The Bankruptcy Act)

Cf. *previous* Acts of 6 June 1863 and of 6 May 1899 no. 1. The Act entered into force on 1 Jan. 1986 pursuant to Decree no. 1435 of 12 July 1985. Cf. Act no. 60 of 8 June 1984 concerning its entry into force.

Part 1. Debt settlement proceedings.

Chapter I Opening of debt settlement proceedings.

Section 1. *Purpose of debt settlement proceedings.*

A debtor who cannot meet his/her obligations as they fall due, may request that debt settlement proceedings be opened pursuant to the rules in this Act in order to negotiate with his creditors concerning voluntary debt settlement or compulsory debt settlement.

Section 2. *Petition to open debt settlement proceedings.*

A petition to open debt settlement proceedings must be submitted in writing to the District Court. It must be specified in the petition that the debtor requests the opening of voluntary or compulsory debt settlement proceedings. As an appendix to the petition, the debtor must submit to the District Court:

1) A brief account of the reasons for the problems in making payments and of how the debt is intended to be settled;
2) A list of his/her assets and liabilities, with specification of the creditors' names, addresses and outstanding claims and the securities that cover the debt; if a creditor has a lien or other similar security interest on the debtor's assets, the dates of both the debt's and the security's origin must be stated;
3) An account of how registration and documentation of accounting information has been arranged.

The District Court gives the petition a notation of the date and time when it was received by the court. The petition may be revoked or amended as long as the court has not made an order as to whether debt settlement proceedings shall be opened.

The court may demand that the debtor shall provide further information about any matter that it considers to be of importance in respect of the question of whether to open debt settlement proceedings.

To the extent and in a manner that the court finds appropriate, it may gather information from the debtor's creditors and discuss the debtor's petition with them.

Amended by Act no. 56 of 17 July 1998 (entered into force on 1 Jan. 1999), Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 3. *Advances, security and liability for expenses incurred in the debt settlement proceedings.*

The court may demand that the debtor pay an appropriate advance in order to cover any expenses of the debt settlement proceedings that are not covered by fees pursuant to Act no. 86 of 17 December 1982 relating to court fees, or that he/she provides security for these expenses.

Section 3, paragraphs 3 and 5 of Act No. 86 of 17 December 1982 relating to court fees will apply correspondingly.

The State is obligated to cover expenses that the debtor cannot pay.

Amended by Act no. 69 of 14 June 1985, Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 4. *The District Court's decision. Legal remedies.*

The District Court shall dismiss the petition if:

1) It does not meet the requirements pursuant to Section 2 and the deficiencies are not corrected in time;
2) The debtor fails to obtain the further information demanded by the District Court;
3) Given the available information, the District Court finds it unlikely that the debtor will be able to achieve a voluntary debt settlement or compulsory debt settlement.

The court must make its decision as soon as possible, normally within three days after the petition was received by the court.

The court makes its decision by an order. An order that allows the petition may not be appealed against. An order that dismisses the petition may be appealed against within three days.

If the petition is allowed, the debt settlement proceedings are regarded as being opened from the date and time when the petition was received by the court. In cases such as those stated in Section 6a, compulsory debt settlement proceedings are considered to be opened starting on the date and time when the petition for compulsory debt settlement proceedings was received by the court.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 5. *Notice of opening debt settlement proceedings.*

If a petition to open debt settlement proceedings is allowed, the court shall submit a written notice to the debtor concerning the debtor's obligations pursuant to sections 14 and 18 and the consequences of acting in contravention of those obligations, cf. Section 57, paragraph 2.

The court shall immediately inform Norges Bank when it has handed down an order to open debt settlement proceedings for an institution that participates in a system as mentioned in Section 1-1, paragraph 1 or Section 1-2 of the Act relating to payment systems, etc.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 95 of 17 Dec. 1999 (entered into force on 14 Apr. 2000 pursuant to Regulations no. 324 of 13 Apr. 2000), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 6. *Public disclosure of debt settlement proceedings.*

When voluntary debt settlement proceedings are opened, the debt settlement committee shall announce the opening without delay on the Brønnøysund Register Centre web-based public announcement site, unless the court decides to do so on its own initiative. However, in special cases, the court may decide that there need be no announcement. Opening of compulsory debt settlement proceedings is announced in accordance with the rules specified in Section 35.

Court hearings that are held during voluntary or compulsory debt settlement proceedings are public. However, in special cases the court may decide that court hearings shall be held behind closed doors during voluntary debt settlement proceedings.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006), Act no. 41 of 14 Jun. 2013 (entered into force on 1 Jul. 2013 pursuant to Decree no. 638 of 14 Jun. 2013).

Section 6a. *Change in the debt settlement proceedings.*

After debt settlement proceedings have been opened, the debtor may request a change in the proceedings if the debt settlement committee consents. However, consent is not necessary for a petition for compulsory debt settlement proceedings when a proposal for voluntary debt settlement has been accepted by creditors representing at least 3/4 of the total amount that gives voting rights. In other

respects, the rules in sections 2 and 4 apply correspondingly to requests for changes.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Chapter II. Debt settlement committee and auditor.

Section 7. *Appointment of debt settlement committee.*

When an order to open debt settlement proceedings has been handed down, the court shall immediately appoint a debt settlement committee.

The debt settlement committee shall assist the debtor during the debt settlement proceedings in accordance with the rules in this Act, including safeguarding the creditors' common interests. Insofar as it is compatible with these interests, the committee shall cooperate with the public authorities to help ensure that affected employees and particular public interests are taken into consideration during the debt settlement proceedings.

The debt settlement committee shall be composed of a chair - normally an attorney - and from one to three other members, who shall be chosen preferably from among the creditors or their representatives. To the extent it is possible, at least one of the members shall hold qualifications in the business sector in which the debtor operates. In cases such as those stated in Section 8, an employee representative shall be appointed as a member of the debt settlement committee; in such case, the debt settlement committee may be composed of up to five members.

When the estate is small or the court finds for other reasons that the debt settlement committee's tasks can be performed by the chair alone, the court need not appoint any more members to the committee.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 8. *Employee representative as a member of the debt settlement committee.*

In accordance with a request from a majority of the employees in the debtor's business activity, the court shall appoint an employee representative as a member of the debt settlement committee. The same shall apply when this demand is submitted by a local trade union that organises a majority of the employees in the enterprise or by several local trade unions that organise a majority of the employees together.

When an order to open debt settlement proceedings is handed down, the court shall inform the employees in the debtor's business activity as soon as possible about their rights pursuant to the rules in paragraph 1.

However, after an assessment of the position of the estate, the outlook for further operation and other circumstances, the court may decide not to appoint such a representative. In such case, the court shall gather statements beforehand from the members of the debt settlement committee who were appointed at that point in time.

The King may make exceptions to the rule in this section by regulations or decision in an individual case and issue supplementary regulations, including the

application of the rules in corporate groups and in circumstances similar to those in corporate groups.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 9. *The debt settlement committee's decisions, etc.*

The debt settlement committee makes decisions by majority vote. In case of a tied vote, the chair shall cast the deciding vote.

The chair of the debt settlement committee chairs all out-of-court meetings during the debt settlement proceedings and takes minutes of the proceedings and any decisions that are made. These minutes are signed for each meeting by all attending members of the debt settlement committee.

Insofar as it deems it appropriate, the debt settlement committee may leave it to the chair to make a decision in cases that are not of material importance. The fact that the chair has acted without authorisation may not be invoked against a third party who is in good faith.

The court may demand at any time that the debt settlement committee and its members provide full information about the debt settlement proceedings.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 10. *Review of decisions.*

In response to a petition from the debtor, a creditor or a member of the debt settlement committee, the court may make an order to repeal or reverse a decision that has been made by the debt settlement committee or its chair if the decision:

1) Is in conflict with the debtor's, a creditor's or a third party's rights;
2) Is unlawful in other respects;
3) Is clearly unreasonable.

Such a petition must be submitted without undue delay. The party who has made the decision may set a deadline for bringing the decision before the court. The court may grant a rehearing under the same terms and conditions as when the decision was made during legal proceedings.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 11. *Appointment of auditor.*

The court, after a recommendation from the debt settlement committee, shall appoint an auditor to perform an audit of the debtor's accounts and business conduct when the court does not find it inappropriate to turn over the audit to one of the debt settlement committee's members.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 12. *Conflict of interest rules for the members of the debt settlement committee and auditor.*

No one may be appointed as a member of the debt settlement committee or as auditor who:

1) Is related by blood or by marriage to the debtor in direct line of ascent or descent or in a collateral line of descent as closely related as a cousin;
2) Is or has been married or is engaged to the debtor, or who is the debtor's foster father, foster mother or foster child;
3) Is or after the opening of the debt settlement proceedings has been a guardian of the debtor;
4) Is or in the last two years before the opening of the debt settlement proceedings has been in the debtor's service, or who in the above stated period of time has acted as his regular legal adviser or auditor; this rule does not apply to the appointment of an employee representative as a member of the debt settlement committee. If the debtor is an association or a foundation, no person must be appointed who has been a member of the debtor's board of directors, committee of shareholders' representatives or corporate assembly during the last two years before the opening of the debt settlement proceedings;
5) Is applying him/herself for a voluntary or compulsory debt settlement, or whose estate has come under bankruptcy proceedings;
6) Due to other special circumstances cannot be assumed to be sufficiently impartial.

In principle, no one whom the debtor has particularly used as a legal or business adviser during the last two years before the opening of the debt settlement proceedings should be appointed as a member of the debt settlement committee or as auditor.

A member of the debt settlement committee or an auditor must not take part in the processing or decision regarding any matter in which this person has a significant personal or financial special interest.

Section 13. *Revocation of appointment.*

If a member of the debt settlement committee or an auditor later comes into a position that would have formerly excluded his/her appointment, the court may revoke the appointment and appoint another person in response to a petition from the debtor or a creditor or on its own initiative.

The same applies when the court finds that the person who was appointed has not proved to be qualified or for some other reason should not provide service.

Before a decision is made, the person in question shall be given an opportunity to comment.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Chapter III The effect of having opened debt settlement proceedings.

Section 14. *The debtor is subject to the debt settlement committee's supervision.*

During the debt settlement proceedings, the debtor retains control of his business and his other net assets; however, these are under the supervision of the debt settlement committee. The debtor is obliged to provide the debt settlement committee with full access in order to supervise his/her business conduct and financial matters and must obey any orders issued by the committee in this respect.

The debtor must not incur or renew any debt, take out a mortgage or sell or rent out his/her real property, business offices or any capital assets of material importance without the debt settlement committee's permission. If bills of exchange or debt instruments are renewed, it shall be noted that the signature is given "for renewal without increased liability".

If the debtor runs a business and the enterprise shall continue to operate during the debt settlement proceedings, the debtor is obliged to submit an operating budget and a finance plan to the debt settlement committee.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 15. *The debtor has legitimacy with third parties.*

The validity of the debtor's transactions with a third party in good faith is not contingent upon their being undertaken with the permission of the debt settlement committee.

If a third party is not in good faith, the person in question is not allowed to make any claims on the debtor or to receive cover from the debtor until after the debt settlement proceedings have been concluded and an approved voluntary or compulsory debt settlement has been concluded or fulfilled.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 16. *Restriction of the right to commence bankruptcy proceedings.*

If a bankruptcy petition has been submitted, but not upheld at the time when the debtor's petition to open debt settlement proceedings is received by the court, the processing of the bankruptcy petition shall be postponed until the petition to open debt settlement proceedings has been revoked or finally dismissed, or the debt settlement proceedings, with legally binding effect, are finally discontinued or concluded.

If a bankruptcy petition is submitted after the debtor's petition to open debt settlement proceedings was received by the court, but before the petition to open debt settlement proceedings has been revoked or finally determined, the processing of the bankruptcy petition shall be postponed until after the latter date. This does not apply, however, if the bankruptcy petition has been submitted by a creditor whose claim is dated after the date and time when the petition to open debt settlement proceedings was received by the court.

If a decision is made to open debt settlement proceedings, the debtor's estate may not be subject to bankruptcy proceedings after a petition by a creditor whose claim dates back to the time before the debt settlement proceedings were opened. This does not apply, however, if a bankruptcy petition is submitted or a bankruptcy petition is requested to be submitted more than three months after the decision was made to open the debt settlement proceedings if the processing is postponed

pursuant to the rules in paragraph 1. In special cases, the court may extend the deadline if the debtor so requests and there are good prospects that the debtor may achieve a voluntary debt settlement or has opened public compulsory debt settlement proceedings. The court's decision concerning the issue of extending the deadline may not be appealed against.

When the debtor opens public compulsory debt settlement proceedings, the estate of the person in question may not be subject to the bankruptcy proceedings after a petition from a creditor whose claim dates back to the time before the debt settlement proceedings were opened and that is not based on an agreement that was entered into with the debt settlement committee's permission or approval. The rules in paragraphs 1 and 2 apply correspondingly.

A bankruptcy petition that is submitted by at least three creditors entitled to dividends, whose claims constitute at least 2/5 of the total amount of the known claims entitled to dividends may be submitted, notwithstanding the provisions in the previous paragraph. The same applies to a bankruptcy petition that is submitted after the debt settlement proceedings are finally terminated or concluded.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 17. *Restriction of the right to levy attachments and carry out an enforced sale. Interests of the lienholders.*

Unless otherwise decided, attachment may not be levied on the debtor's goods during the debt settlement proceedings for debts that date back to the time before the debt settlement proceedings were opened. The provisions in Section 16, paragraphs 1, 2 and 4 apply correspondingly; the processing of a petition to seize assets, however, shall not be postponed any longer than until the petition to open debt settlement proceedings has been finally decided.

In the first six months after the debt settlement proceedings have been opened, enforced sale of the debtor's assets pursuant to chapters 8-12 of the Enforcement Act may not be carried out without the debt settlement committee's consent.

Assets that the debtor acquires after the debt settlement proceedings have been opened are not covered by liens established prior to the date on which the proceedings were opened without the debt settlement committee's consent.

With the debt settlement committee's consent, the debtor may sell goods from attached stocks and operating accessories as mentioned in sections 3-4, 3-8, 3-9 and 3-10 of the Mortgage Act, if this occurs within the framework of the debtor's normal business activity and the lienholder's security is not significantly reduced. After a petition from a lienholder, the court may prohibit sales that do not meet the terms and conditions specified in the first sentence.

The debt settlement committee shall draw up a plan to safeguard the lienholder's interests; in connection with this, it may decide that the lienholder shall receive a percentage of the compensation from any sale as stated in paragraph 4.

Amended by Act no. 69 of 14 June 1985, Act no. 8 of 30 Mar. 1990, Act no. 86 of 26 June 1992, Act no. 83 of 11 June 1993, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 18. *The debtor's duty of disclosure.*

The debtor is obligated to assist the District Court, debt settlement committee and auditor in obtaining all information of importance for the debt settlement proceedings, including information concerning his/her business conduct, financial matters and future prospects.

The court, if it finds it necessary, may order the debtor to furnish information as mentioned in paragraph 1, even if the debtor must thereby reveal a trade or business secret. In such case, the court may decide that the information shall only be given to the court itself or to one or more of the debt settlement committee's members.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 18a. *The accountant's and auditor's duty to assist.*

The debtor's accountant and auditor are required to submit accounts and accounting materials pertaining to the debtor to the debt settlement committee. This applies even if the fee for work carried out has not been paid. The debt settlement committee's requirement for submission is a specific basis for enforcement pursuant to chapter 13 of the Enforcement Act. The accountant and auditor are also required to furnish the debt settlement committee with information, free of charge, concerning the debtor's accounting and business conduct. The duty to assist pursuant to this Section may be fulfilled unimpaired by any duty of non-disclosure that may exist.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Chapter IV The debt settlement committee's review of the debtor's net assets.

Section 19. *Informing creditors.*

The debt settlement committee, without delay, shall inform each and every one of the debtor's known creditors that the debtor has opened debt settlement proceedings and provide the names of those who have been appointed as members of the debt settlement committee. At the same time, the creditors shall be requested to submit to the committee an itemised list of their claims on the debtor within three weeks. Documentation providing evidence for the claims shall be appended to the list, and information shall be furnished concerning the basis for the claims, about the securities on the debtor's or a third party's assets that cover them, and about whether there are any jointly and severally liable co-debtors.

If compulsory debt settlement proceedings are opened without prior voluntary debt settlement proceedings, information about the time and place for a creditors' meeting shall also be provided, cf. Section 38a. If the court has decided that a creditors' meeting shall not be held, it shall provide information to that effect.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 20. *Accounts and business conduct reviewed. Assets appraised.*

In cooperation with the auditor, the debt settlement committee shall review the debtor's accounts and business conduct as soon as possible and apply to draw up an exhaustive overview of the debtor's assets and liabilities. If the debtor's business

activity includes sales to consumers, it must be ensured in particular that the debtor's list of obligations in connection with claims and guarantees for consumer goods is as exhaustive as possible.

The debtor's assets shall be appraised. To the fullest extent possible, the assumed value that the assets would have if the debtor's activities continue should be specified and likewise the assumed worth of the assets, all together or divided, if they are sold. If the appraisal requires a specialist expert, or if the debt settlement committee for other reasons does not wish to perform the appraisal itself, the committee may appoint one or more expert assistants. Section 12 applies correspondingly to assistants of this sort.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 21. *The debt settlement committee's report.*

When the debt settlement committee has obtained the necessary overview of the debtor's affairs and finds that there are prospects that the debtor can achieve a voluntary debt settlement or compulsory debt settlement, the committee shall draft a report, which, among other things shall include:

1) An overview of the debtor's business conduct with information about how the registration and documentation of accounting information has been performed and about the conditions that have brought about the debt settlement proceedings. This overview should include the debtor's last two annual accounts and annual reports (status, management accounts) and also a specification of the turnover;
2) An overview of the position of the estate, e.g. with information on the debtor's guarantee and bill of exchange obligations, any encumbrances that have been placed on the debtor's assets and the manner in which the assets are appraised;
3) Information on the debtor's net marital assets;
4) Information about whether the debtor is assumed to have undertaken transactions that may be reversed in case of public debt settlement proceedings or bankruptcy proceedings and whether enforcement proceedings have been held for the debtor, which in that case will be inactive;
5) Information about whether the debtor has previously applied for voluntary debt settlement or been subject to public debt settlement proceedings or bankruptcy proceedings, and if so, a specification of the dividend that the creditors achieved;
6) Information about whether the debtor has previously been guilty of criminal offences in connection with financial activities and whether it must now be assumed that conditions exist that may give grounds for prosecution against the person in question in connection with such activities. If the debtor is an association or a foundation, information shall be provided about whether a manager or board member is assumed guilty of such offences.

If a special auditor is appointed, this report shall be attached.

If the debt settlement committee finds that there may be grounds for prosecution for offences mentioned in paragraph 1, sub-section 6, the report on this shall be sent to the prosecuting authorities. To the extent necessary, the debt settlement

committee should also furnish the prosecuting authorities with the necessary amount of information about possible criminal offences at an earlier point in time.

Amended by Act no. 56 of 17 July 1998 (entered into force on 1 Jan. 1999), Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 22. *Drafting of a proposal for voluntary debt settlement or compulsory debt settlement.*

If the debt settlement committee finds that there are prospects that the debtor can achieve voluntary debt settlement or compulsory debt settlement, it shall assist the debtor in drafting a proposal for this kind of arrangement on the basis of the information provided. If the proposal requires that the debtor's business activity shall continue to operate, the possibilities of profitable future operations must be reported to the necessary extent. As a condition for recommending the proposal, the debt settlement committee may specify that certain measures shall be implemented and that provisions to this effect be incorporated into the proposal.

If the debt settlement committee finds that it is unlikely that the debtor will be able to achieve a voluntary debt settlement or a compulsory debt settlement, the debt settlement committee shall submit a report on this situation to the court, cf. Section 57, paragraph 1, sub-section 1. The equivalent applies if the debtor has not submitted a proposal for voluntary debt settlement or compulsory debt settlement within a reasonable time.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Chapter V. Voluntary debt settlement.

Section 23. *The content of the proposal.*

Among other things, a voluntary debt settlement may entail:

1) Postponement of payment (voluntary moratorium),
2) Percentage reduction of the debt (voluntary arrangement),
3) Liquidation of the debtor's assets or a specifically limited part of them without the debtor being discharged from the part of the debt that is not covered by the liquidation (voluntary liquidation),
4) Liquidation of the debtor's assets or a specifically limited part of them with the debtor being discharged from the part of the debt that is not covered by the liquidation (voluntary debt settlement liquidating the debtor's estate),
5) A combination of these arrangements.

The proposed debt settlement must include and give equal status to all known claims on the debtor that date back to the time before debt settlement proceedings were opened.

The following claims may nevertheless be excluded from the arrangement, or, if they are included, be promised better coverage that the other claims:

1) Claims that have statutory preferential rights,
2) Claims that are secured by a lien or some other security interest on the debtor's

assets, insofar as the security can be assumed to cover the claim,

3) Claims that may be required to be decided by set-offs, insofar as they are covered by the counter-claim, and
4) Claims that a creditor is entitled to if the total outstanding claims are less than a particular amount that is specified in the proposal.

The rules in paragraph 2 do not preclude that some creditors by consent will be less well-positioned than the other creditors.

Section 24. *Circulation of the proposal. Deadline for responses.*

When the debtor has drawn up a proposal for debt settlement, and the debt settlement committee finds that it can support it, the committee shall send the proposal to all creditors whose claims are encompassed in the settlement. The proposal shall be accompanied by:

1) The report stated in Section 21,
2) The debtor's declaration that everything that the debtor owns and owes has been listed, and
3) The debt settlement committee's statement as to whether it recommends that the proposal be approved, about the prospects of and the certainty that the proposal will be complied with by the debtor, about the terms and conditions that the committee has specified in order to recommend the proposal, and about how it is assumed that the position of the estate would be in case of bankruptcy.

The creditors are at the same time requested to inform the debt settlement committee in writing as to whether they accept the proposal, within a deadline that is not less than two weeks and no longer than three weeks.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 4 of 27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006).

Section 25. *Acceptance of the proposal.*

The proposal for debt settlement is regarded as accepted when it has been approved by all creditors whose claims are covered by the proposal.

If the proposal has not been approved by all of these creditors when the deadline pursuant to Section 24, paragraph 2 expires, but has not been rejected by any of them either, the debt settlement committee may request the creditors who have not responded to notify whether or not they approve the recommendation within a period of two weeks. This request shall be sent by registered mail or through the use of secure electronic communications to ensure that the message is received. In this request, the creditors shall be made aware of the provision in paragraph 3. In such case, the request shall be sent out as soon as the deadline pursuant to Section 24 paragraph 2 has expired.

When requests are sent out as mentioned in paragraph 2, and the deadline for response has expired without any of the creditors having rejected the proposal, it will be regarded as accepted if it is approved by creditors who together represent at least 3/4 of the total nominal value of the claims that are covered by the proposal.

Amended by Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 26. *New proposal.*

If the proposal for voluntary debt settlement is *not* accepted, and the debtor drafts a new proposal that the debt settlement committee finds has good prospects for acceptance, the committee shall send it to the creditors in accordance with the rules in Section 24, however without the appendices stated in Section 24, paragraph 1, sub-sections 1 and 2. The rules in Section 25 apply correspondingly. Further proposals may not be submitted.

Section 27. *Information about the accepted proposal.*

When a proposal for debt settlement is accepted, the debt settlement committee shall send a notification to all creditors who have not been promised full coverage of claims that date back to the time before the debt settlement proceedings were opened.

At the same time, the debt settlement committee shall send the court:

1) The accepted proposal for debt settlement, with a notation describing how the proposal has been accepted;
2) The appendices stated in Section 24, paragraph 1.

The court shall enter the proposal with a notation in the probate record, indicating when it was received by the court.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 28. *Invalid moratorium and voluntary arrangement.*

If a voluntary moratorium, a voluntary arrangement or a voluntary debt settlement liquidating the debtor's estate is established by:

1) The debtor wilfully or negligently having given incorrect or incomplete information about his/her assets or liabilities, or
2) The debtor or a third party acting with the debtor's complicity in violation of the debt settlement and its appurtenant requirements having given or promised one or more creditors special advantage,

the debtor forfeits the extension of the time limit that was allowed with all of the creditors who have not been aware of this situation, and the debtor is obligated to also pay to these creditors the parts of the claims that were waived by the voluntary arrangement.

A creditor's right pursuant to the previous paragraph will become time-barred one year after the date when he/she became aware of the situation that entitled him/her to challenge the debt settlement; however, under no circumstances may it be asserted if the right is not acknowledged or asserted through a civil action no later than three years after the debt settlement proceedings have been terminated.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 29. *Breach of the voluntary arrangement.*

If a debtor has been given a voluntary arrangement or a voluntary debt settlement liquidating the debtor's estate, but enters into bankruptcy proceedings before the voluntary arrangement has been carried out, a creditor who has not received his/her full outstanding claims pursuant to the voluntary arrangement shall be given a dividend in bankruptcy for the full original amount of the claim. However, the creditor may not be paid more than his/her residual outstanding claims pursuant to the voluntary arrangement. Under no circumstances may the creditor claim any attachment on the estate in bankruptcy before the remaining creditors have been paid the same percentages as those comprised by the payments received from the voluntary arrangement.

The provisions in paragraph 1 and sentences 1 and 3 apply correspondingly to creditors who are not restricted by the voluntary arrangement pursuant to Section 28.

Chapter VI. Compulsory debt settlement.

Section 30. *What a compulsory debt settlement may entail.*

A compulsory debt settlement may entail:

1) Postponement of payment (compulsory moratorium),
2) Percentage reduction of the debt (general compulsory debt settlement),
3) Liquidation of the debtor's assets or a more limited part of those assets in return for discharging the debtor from the part of the debt that is not covered by the liquidation, but in such a way that the debtor must warrant that the coverage will at least amount to a certain percentage of the debt (compulsory debt settlement liquidating the debtor's estate), or
4) A combination of these arrangements.

A general compulsory debt settlement must entail payment of at least 25 per cent of the general creditors' outstanding claims.

In the event of a compulsory debt settlement liquidating the debtor's estate, the debtor must warrant that the general creditors will receive a specifically indicated minimum coverage, which must not be set any lower than 25 per cent.

The rules in paragraphs 2 and 3 do not apply if the debt settlement proposal is accepted by all of the known creditors who are entitled to vote, or if the debtor's insolvency is due to an accident for which he cannot be blamed.

A compulsory debt settlement may entail that every creditors' total outstanding claims shall be covered completely up to a certain amount. In such case, the rules in the preceding paragraph apply to the excess amount of the outstanding claims.

A compulsory debt settlement may only entail coverage of subordinated claims when the general creditors are promised full coverage.

Section 31. *Lapsed mortgages.*

In the event a compulsory debt settlement, mortgages that exceed the assumed value of the lien will lapse.

The debt settlement committee undertakes the appraisal of the lien. A lienholder with security exceeding the assumed value of the lien may bring the appraisal before the court with a petition requesting that a valuation of the estate be held. The costs of the valuation of the estate are borne by the lienholder if the debt settlement committee's appraisal is upheld or amended by less than 10 per cent. Moreover, Section 125, paragraphs 2-5 of the Administration of Estates Act will apply correspondingly. In special cases, the court may depart from the rates for compensation of assessors that would otherwise apply to valuations of an estate.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Sections 32 to 34 (Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).)

Section 35. *Announcement that debt settlement proceedings have been opened.*

When public compulsory debt settlement proceedings are opened, the debt settlement committee shall issue an announcement without delay, unless the District Court decides to do so on its own initiative, and this announcement shall contain:

1) Information that the debtor has opened public compulsory debt settlement proceedings;
2) A request to the creditors to submit a specified list of their claims on the debtor to the debt settlement committee within three weeks. Documentation providing evidence for the claims shall accompany the list, and information shall be provided concerning the basis for the claims, about the security in the debtor's or in a third party's assets that must cover them, and about whether there are any jointly and severally liable co-debtors. If there have been voluntary debt settlement proceedings prior to the debt settlement proceedings, it is at the same time noted that claims that have already been submitted to the debt settlement committee do not need to be submitted again;
3) Schedule for a creditors' meeting; cf. Section 38a, or information that the District Court has decided that such a meeting shall not be held.

The announcement will be inserted on the Brønnøysund Register Centre’s public announcement website.

If there have been voluntary debt settlement proceedings prior to the debt settlement proceedings, a copy of the announcement shall be sent without delay to all known creditors.

All those who have a legal interest in the administration in bankruptcy have the right of access to the list of creditors, which was an appendix to the debtor's petition to open debt settlement proceedings; cf. Section 2, paragraph 1, sentence 3, sub-section 2, and with the submissions of claim.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of

27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006), Act no. 41 of 14 Jun. 2013 (entered into force on 1 Jul. 2013 pursuant to Decree no. 638 of 14 Jun. 2013).

Section 36. *Registration etc. of notification that debt settlement proceedings have been opened.*

If requested by the debt settlement committee, notification that the debtor has opened public compulsory debt settlement proceedings shall be announced or registered in:

1) The Register of Mortgaged Movable Property
2) The Land Registry and similar real property registers if the debtor owns real property or other registered assets.
3) The Central Securities Depository if rights are registered there that the debt settlement committee believes belong to the debtor, and
4) The Register of Business Enterprises if the registered name of the debtor's company has been entered there.

The debt settlement committee shall also send information about the opening of the public debt settlement proceedings to banks and similar institutions in which the debtor has deposits.

Amended by Act no. 78 of 21 June 1985, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 64 of 5 July 2002 (entered into force on 1 Jan. 2003 pursuant to Regulations no. 1627 of 20 Dec. 2002), Act no. 91 of 5 Sept. 2003 (entered into force on 1 March 2004 pursuant to Decree no. 1118 of 5 Sept. 2003).

Section 37. *Information in the event of contested claims*

If a registered claim is fully or partially contested, the debt settlement committee shall inform the creditor without delay and at the same time make the person in question aware of the rules in Section 47, paragraph 2. This information shall be sent by registered mail or through the use of secure electronic communications to ensure that the information is received.

Amended by Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 38. *Annulment.*

If the debtor's transactions are defeasible pursuant to chapter 5 of the Act relating to creditors' rights to satisfaction of claims, an annulment claim may be asserted by the debt settlement committee.

In the debt settlement proposal, the voluntary arrangement may be made contingent upon the filing or continuation of a civil suit to annul the debtor's transactions at the debtor's expense as specifically determined by the debt settlement committee or the supervisor.

Section 38a. *Creditors' meeting.*

During compulsory debt settlement proceedings, a creditors' meeting shall be held under the leadership of the debt settlement committee. This meeting shall be scheduled by the debt settlement committee unless the District Court decides to do so on its own initiative. The meeting should be held at the earliest four weeks after

and no later than eight weeks after the announcement pursuant to Section 35 has been issued.

Further creditors' meetings may be held if the debt settlement committee finds it necessary. A notification of each meeting shall be sent to all known creditors. If the debt settlement committee finds it defensible, scheduling of creditors' meetings may occur at the previous meeting instead of via notification.

The court may decide that a creditors' meeting shall not be held. This decision may be reversed.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 39. *The debtor's obligation to attend.*

The debtor is obliged to attend creditors' meetings and a voting meeting if one is held, unless the debtor has valid grounds for absence or has been given permission to be absent by the debt settlement committee.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 40. *Circulation of the debt settlement proposal. Voting.*

The debt settlement committee shall send the debtor's proposal for compulsory debt settlement to all known creditors, specifying a deadline of at least two weeks for responses in writing to the debt settlement committee. The proposal shall be accompanied by:

1) The report stated in Section 21,
2) The list stated in Section 41,
3) The debtor's statement that everything that the debtor owns and owes has been listed, and
4) The debt settlement committee's statement as to whether it recommends that the proposal be approved, about the prospects of and the certainty that the proposal will be complied with by the debtor, about the terms and conditions that the committee has set for recommending the proposal, and about how it is assumed that the position of the estate would be in case of bankruptcy.

After a petition from the debt settlement committee, the court may decide that a vote shall be held on the debtor's debt settlement proposal in a voting meeting. If a decision is made to hold a voting meeting, the proposal and the appendices stated in paragraph 1, sub-sections 1 to 4 shall be sent to the creditors at least two weeks before the meeting. Details of the time and place of the meeting shall be included.

If a creditor has voted for the debt settlement proposal before the public debt settlement proceedings are opened, and this is not changed at a later date, the creditor is regarded as having maintained his/her acceptance when it is not subsequently revoked.

Revocation of an acceptance must be asserted via a written statement sent to the debt settlement committee prior to the specified deadline for voting or presented at a voting meeting if one is held.

If the acceptance or revocation has been presented by a representative who has not submitted satisfactory identification papers that confirm his/her authority to obligate the creditor, the acceptance or revocation shall be approved if satisfactory identification is submitted within the specified deadline for voting or at a voting meeting it there is one.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006).

Section 41. *The list of creditors.*

Prior to voting, the debt settlement committee shall draw up a list of the notified claims, with any information added that is necessary in order to determine whether the claims shall be included in the voting. If a claim is fully or partially contested, this shall be noted on the list.

For claims that will receive full coverage according to the proposal, cf. Section 30, paragraph 5, it is sufficient to specify the total amount of the claims. The same applies for other groups of claims that would clearly not be of importance for the voting.

When, in connection with the voting, a party contests a listed claim or believes that the amount of a claim entered is too small or that a claim has been incorrectly excluded, the debt settlement committee will make note of this on the list.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 42. *Claims that do not give voting rights.*

In the voting on the debt settlement proposal, all known claims shall be included, even if they are not reported to the debt settlement committee. However, the following claims shall not be taken into consideration:

1) Claims for which the voluntary arrangement pursuant to Section 55 will not be binding. If a claim is secured by a lien or some other security interest in the debtor's assets, the creditor may exercise his/her voting right for the part of the claim for which it is assumed that the security would not provide coverage, or - if the creditor expressly waives his/her security interest for a large part of the claim - then for that part. A claim that is provided with a statutory preferential right, gives voting rights insofar as the preferential right is expressly waived;
2) Claims that are dependent on a condition that has not yet entered into force;
3) Claims that were transferred to the creditor after the debt settlement proceedings were opened. This shall nevertheless not apply when the creditor was unaware during the acquisition that the petition to open debt settlement proceedings had been received by the court or if the creditor has assumed the claim in accordance with a previous obligation;
4) Claims that belong to the debtor's close relatives; cf. Section 1-5 of the Act relating to creditors' rights to satisfaction of claims
5) Claims or parts of claims that shall be covered completely in accordance with the

debt settlement proposal; cf. Section 30, paragraph 5;

6) Subordinate claims that lapse in the voluntary arrangement.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 43. *Necessary majority for the acceptance of the debt settlement proposal.*

If the debt settlement proposal entails paying at least 50 per cent of the creditors' outstanding claims, it is regarded as accepted when it has been approved by at least 3/5 of the creditors who have taken part in the voting and when they represent at least 3/5 of the total amount that gives voting rights.

If the proposal entails paying less than 50 per cent of the creditors' outstanding claims, a 3/4 majority is required in both respects.

If the proposal concerns a debt settlement liquidating the debtor's estate, a 3/4 majority is required in both respects. However, if the debtor has warranted that the creditors will receive a minimum dividend of 50 per cent or more, a 3/5 majority will be sufficient.

Section 44. *New debt settlement proposal.*

If the debtor's debt settlement proposal has not achieved the necessary majority through a vote by ballot, the debtor may only submit a new debt settlement proposal if the debt settlement committee finds that it is able to recommend the proposal. The new proposal shall be sent to the creditors as soon as possible, with the debt settlement committee's recommendation attached and with a new deadline for voting specified. The new deadline must not expire any later than three weeks after the original deadline for voting.

The debtor may make no further amendments to the debt settlement proposal after it has been sent to the creditors.

If the debtor wishes to make amendments to the debt settlement proposal in a voting meeting, and the debt settlement committee finds that it can recommend the amended proposal after having heard the opinions of those attending, it shall schedule a new meeting for consideration of and voting on the proposal. The meeting shall be held within three weeks. Notice of the meeting shall be sent to the creditors as soon as possible, with the proposal and the debt settlement committee's statement about it attached.

In the new voting meeting, the debtor may not make any amendments to the debt settlement proposal.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 45. *Report on the voting is sent to the District Court.*

Within a week after the voting, the debt settlement committee shall send a report to the District Court on the results of the voting with a statement as to whether there is assumed to be any issues that will prevent confirmation of the voluntary arrangement. This report shall be accompanied by:

1) Confirmation that the debt settlement proceedings have been announced and

confirmation that the creditors have been notified that the voting was in accordance with the rules of the Act;

2) The debt settlement committee's record of the proceedings;
3) The list of the creditors who are stated in Section 41, with the submission of claims and any documentation pertaining to disputed or unclear claims attached;
4) The debtor's final debt settlement proposal and the creditors' acceptances;
5) Other documentation that may have been submitted in connection with the voting and any objections that may have been submitted against confirmation of the voluntary arrangement.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 46. *Confirmation hearing.*

A court hearing for consideration of the question of whether confirmation of the voluntary arrangement shall be held within three weeks after the court has received the debt settlement committee's account of the results of the voting.

The debtor and the debt settlement committee will be sent notice of the hearing. Unless it is clear that the required majority for acceptance of the debt settlement proposal does not exist, notice will also be sent to the creditors. The court may order the debt settlement committee to ensure that notice is sent to the creditors. Notice will be sent to the debtor in the manner and with the form of notice that has been determined in Section 70. The debtor is obliged to attend the hearing unless he/she has valid grounds for absence or has been given permission to be absent by the court.

If further information needs to be acquired, the court may postpone consideration until a subsequent court hearing, which should be held within two weeks.

The court's decision pursuant to this Section is not subject to appeal.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 47. *Voting rights disputes. Provisions for disputed claims.*

If there is a dispute or uncertainty about whether, or for what amount, a claim shall give voting rights, the court shall decide the matter insofar as is necessary in order to determine the outcome of the voting. Before the court makes a decision, it may decide to obtain further information. The decision is made in connection with the decision of the question of confirmation and may only be appealed together with that decision. The decision is only effective for the question of the creditors' voting rights.

When the creditor in question so demands the court may decide that the dividend that comes with a disputed claim or with the disputed part of a claim shall be deposited in a bank in a separate account that is at the disposal of the court. In such case, the court shall at the same time set a deadline for the creditor to bring a civil action. If the civil action is not brought by the expiration of the deadline, the court

shall release the amount to the debtor unless otherwise specified in the voluntary arrangement.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 48. *Cases where confirmation shall be refused.*

The court shall refuse to confirm the voluntary arrangement:

1) When procedural rules in the debt settlement proceedings have not been complied with, and the court finds it likely that this has been of crucial importance for the acceptance of the voluntary arrangement;
2) When the debt settlement proposal entails payment of less than the prescribed minimum dividend or has not been accepted by the required majority, cf. sections 30 and 43;
3) When the voluntary arrangement will not give equal rights to all general creditors for whom it will be binding and who have not consented to yield priority;
4) When it is found that there are circumstances as stated in Section 50, sub-sections 1 and 2, of which the creditors have not been informed prior to the voting, if it can be assumed that this may have had crucial influence on the outcome of that voting.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 49. *Cases where confirmation may be refused.*

The court may refuse to confirm the voluntary arrangement:

1) When the debtor refuses to provide the information required by the court in order to make the decision or fails to attend a creditors' meeting, voting meeting or confirmation meeting without a valid reason;
2) When the court finds that it has been established that the debtor has been guilty of criminal offences in connection with financial activities during the last three years prior to the opening of the debt settlement proceedings or at a later date. If the debtor is an association or a foundation, confirmation may be refused if a manager or board member has been guilty of this type of criminal offence to the advantage of or on behalf of the debtor during the above stated period of time.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 50. *Cases where confirmation may be refused by request.*

After a petition from the debt settlement committee or from a creditor who will be bound by the voluntary arrangement, the court may refuse confirmation:

1) When it is shown that the voluntary arrangement has been brought about by a creditor being favoured or having been promised favour either by the debtor or by a third party;
2) When it is shown that the voluntary arrangement is not in accordance with the creditors' common interests, e.g. because:

    (a) There is a strong disparity between the dividend that is offered and the

debtor's ability to pay, or

(b) The amount of the claim that is to be covered completely in accordance with the debt settlement proposal, cf. Section 30, paragraph 5, is so substantial that it entails an unreasonable distribution of the creditors or

(c) The payment dates that have been set entail a postponement of the payment that is longer than reasonable, or

(d) It is not likely that the voluntary arrangement will be successfully completed.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 51. *Supervision of completion of the voluntary arrangement.*

If the court finds grounds to do so, it may specify as one of the terms for confirmation that the debtor be subject to supervision of the completion of the voluntary arrangement.

Supervision is carried out by one or more of the debt settlement committee's members or by one or more other persons who are appointed by the court. The supervision shall ensure that the debtor conducts his business in such a way that the debtor will have the funds at his/her disposal that are needed in order to complete the voluntary arrangement at the right time and that the debtor carries out the measures that the debt settlement committee has set as terms and conditions in order to recommend the voluntary arrangement. The supervision shall also seek to prevent any creditor from receiving coverage for the claims of others. The debtor is obligated to provide full access to supervision of his/her business conduct and to comply with the orders that the supervisory agency issues in connection with this.

The provisions in sections 10, 12 and 13 apply correspondingly to the supervision.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 52. *Confirmation order. Appeals.*

The court decides the question of confirmation by means of an order, which should be made within a week after the confirmation meeting. If the voluntary arrangement entails that mortgages fully or partially lapse, cf. Section 31, the confirmation order shall contain an accurate specification of the extent to which the mortgage will lapse.

An order that confirms the voluntary arrangement may be appealed against by the debtor and by any creditor who will be bound by the voluntary arrangement. The debtor continues to remain under the debt settlement committee's supervision until the order has become legally binding.

If the District Court or an appellate court refuses confirmation, it shall at the same time meet the decisions as mentioned in Section 57.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 53. *Notification and announcement of the confirmed voluntary arrangement.*

If the court confirms the voluntary arrangement, the debt settlement committee shall immediately send notification of this to all known creditors who have not been promised full coverage.

When the confirmation order has become legally binding, the debt settlement committee shall announce this in the manner specified in Section 35, paragraph 2 and ensure that notification pursuant to Section 36, paragraph 1, sub-sections 1, 2 and 3 is deleted, and that notification concerning the conclusion of the debt settlement proceedings is registered in the Register of Business Enterprises if the registered name of the debtor's company has been entered there.

If the voluntary arrangement entails that mortgages that are registered in a register of charges fully or partially lapse, the debt settlement committee shall ensure that the order is registered as soon as the confirmation is legally binding. In the event of a possessory lien or lien on non-negotiable claims, notification of the lapse shall be given to the party who possesses the lien or to the debtor for the claim.

Amended by Act no. 78 of 21 June 1985, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 91 of 5 Sept. 2003 (entered into force on 1 March 2004 pursuant to Decree no. 1118 of 5 Sept. 2003).

Section 54. *Decision concerning supervision made after the confirmation.*

If a creditor petitions, and the court finds special grounds to do so, it may also decide after the voluntary arrangement has been confirmed that the debtor shall be subject to supervision until the voluntary arrangement has been completed.

The court makes its decision by order after the debtor has been given an opportunity to comment. An order that allows the petition may be appealed against by the debtor within three days. An order that rejects the petition may not be appealed.

The provision in Section 51, paragraphs 2 and 3, applies correspondingly.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 55. *For whom the debt settlement is binding.*

The confirmed voluntary arrangement is binding for all creditors if claims date back prior to the opening of debt settlement proceedings. However, the voluntary arrangement is not binding for:

1) Claims that have statutory preferential rights;
2) Claims that are secured by a lien or some other security interest on the debtor's assets, insofar as the lien can cover the assumed value of the claim;
3) Claims that can be required to be decided by set-offs, insofar as they are covered by the counter-claim.

Sections 28 and 29 apply correspondingly to compulsory debt settlement.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Chapter VII. Conclusion of the debt settlement proceedings.

Section 56. *Termination of the debt settlement proceedings with the creditors' consent.*

The court shall terminate the debt settlement proceedings by order when it is requested by the debtor after the expiration of the deadline pursuant to Section 19, and all known creditors have given their written consent, with the exception of creditors whose claims are or are offered to be secured by an adequate guarantee, lien or other equivalent security interest.

Section 53 applies correspondingly; however, paragraph 2 only applies when it has been announced that the debtor has opened public compulsory debt settlement proceedings.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 57. *Cancellation of unsuccessful debt settlement proceedings and commencement of bankruptcy proceedings.*

The court shall terminate the debt settlement proceedings and commence bankruptcy proceedings on the debtor's estate:

1) When the court finds after it has been reported by the debt settlement committee that it is not likely that the debtor will be able to achieve a voluntary debt settlement or a compulsory debt settlement, or that the debtor has not submitted a proposal for a voluntary debt settlement or compulsory debt settlement within a reasonable time; cf. Section 22, paragraph 2;
2) When voluntary debt settlement proceedings have been opened, and the court rejects the debtor's petition to change the opening of public compulsory debt settlement proceedings; cf. Section 4;
3) When the court refuses to confirm a compulsory debt settlement; cf. Section 52;
4) When the debt settlement proceedings have not been concluded within six months after they were opened or within a longer deadline set by the court upon request by the debt settlement committee.

In response to a request from the debt settlement committee, the court may terminate the debt settlement proceedings and commence bankruptcy proceedings on the debtor's estate when the court finds that the debtor has grossly or repeatedly acted in contravention of his/her obligations pursuant to sections 14 and 18.

The court makes its decision by an order. Before the court makes an order, the debtor shall be given notice of a court hearing in the manner and with the method of notification specified in Section 70. If the order is appealed, Section 72, paragraph 2 applies correspondingly.

Amended by Act no. 69 of 14 June 1985, Act no. 8 of 30 March 1990, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 58. *The date of completion of the debt settlement proceedings.*

The debt settlement proceedings are regarded as completed:

1) When the court receives notification that the debtor has been granted a voluntary debt settlement, cf. Section 27;
2) When the debtor has been granted a compulsory debt settlement that is confirmed by a final order, cf. Section 52;
3) When an order has been made concerning termination of the debt settlement proceedings pursuant to Section 56, and the order has become legally binding;
4) When an order has been made concerning termination of the debt settlement proceedings pursuant to Section 57 without bankruptcy proceedings having commenced, and the order has become legally binding.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 59. *The consequences of the death of the debtor during the debt settlement proceedings.*

In the event of the death of the debtor before the order concerning the commencement of bankruptcy proceedings has been made pursuant to Section 57, or before the debt settlement proceedings are regarded as completed, cf. Section 58, the debt settlement proceedings shall be terminated and the debtor's estate shall be handled pursuant to the legislation pertaining to the administration of estates.

Part 2. Bankruptcy.

Chapter VIII. Commencement of bankruptcy proceedings.

Section 60. *Bankruptcy on the basis of insolvency.*

If the debtor is insolvent, the person in question's estate shall be subject to bankruptcy proceedings when the debtor or a creditor so requests.

Section 61. *Insolvency.*

The debtor is insolvent when he/she cannot meet his/her obligations as they fall due unless this insolvency may be assumed to be of a transient nature. Insolvency does not however exist if it can be assumed that the debtor's assets and income will be able to provide full coverage for the debtor's obligations, even if compliance with the obligations will be delayed because the coverage must be sought through the sale of assets.

Section 62. *Presumption of insolvency in the event of the debtor's acknowledgement, etc.*

If the debtor acknowledges being insolvent, or if the debtor has ceased making payments or has been unable to achieve coverage through attachment or some other form of legal enforcement of debt during the last three months before the bankruptcy petition was submitted, insolvency is assumed.

Section 63. *Presumption of insolvency in the event of a bankruptcy notice.*

If the debtor has a statutory obligation to keep accounting records, or has had such an obligation to keep accounting records during the last year before the bankruptcy petition was submitted, insolvency in general shall be assumed to exist

when bankruptcy is petitioned by a creditor who has demonstrably filed a claim against the debtor for a clear debt that has fallen due and who at least four weeks thereafter has served notice on the debtor to pay within two weeks. In such case, the bankruptcy petition must have been received by the court during the first two weeks after the expiration of the payment deadline.

In the payment demand that is to be served on the debtor, the debtor shall be made aware of the creditor's right to petition that bankruptcy proceedings commence if payment is not made within the expiration of the deadline and that in the event that the bankruptcy petition is processed in general, it shall be assumed that insolvency exists when the creditor has proceeded in accordance with the rules in this Section.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 64. *Provision of security and guarantee in order to prevent bankruptcy.*

Bankruptcy proceedings shall not be commenced in response to a petition by a creditor if:

1) The creditor's claim is secured by an adequate lien on the debtor's assets;
2) The creditor's claim is secured by an adequate lien on a third party's assets, and the bankruptcy petition is in violation of the terms and conditions of the guarantee;
3) The creditor's claim has not fallen due and is secured or will be secured by an adequate lien on a third party's assets.

If the court only finds in the presence of doubt that there is sufficient evidence for the existence or the scope of the creditor's claim, it may refuse to commence bankruptcy proceedings if the claim has been secured or will be secured by an adequate lien on a third party's assets.

Other corresponding security interests are equivalent to a lien. A guarantee is equivalent to a lien on a third party's assets.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 65. *Bankruptcy as a result of the debtor's dereliction of duty during the completion of a compulsory debt settlement.*

If a debtor who has been given a compulsory debt settlement and who has been subject to supervision in completing the voluntary arrangement has acted grossly or repeatedly in contravention of his/her obligations pursuant to sections 51 or 54, the court shall commence bankruptcy proceedings on the debtor's estate in response to a petition by the supervisory agency when it is not evident that the debtor may nonetheless complete the voluntary arrangement.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 66. *Further rules concerning the bankruptcy petition.*

A petition to commence bankruptcy proceedings must be submitted in writing to the District Court and must state the circumstances on which the petition is based.

If the debtor petitions that bankruptcy proceedings commence, he/she must provide the court with the following information in an appendix to the petition:

1) A list of his/her assets and liabilities, with specification of the creditors' names, addresses and outstanding claims and the security that covers the debt; if a creditor has a lien or other equivalent security interest on the debtor's assets, the date and time of both the debt's and the security's origin must be stated;
2) A report on how registration and documentation of accounting information has been arranged.

Amended by Act no. 56 of 17 July 1998 (entered into force on 1 Jan. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 67. *Advance payment of security for the expenses of the administration in bankruptcy.*

When the bankruptcy petition is submitted, the party petitions for bankruptcy proceedings to commence pursuant to sections 60 to 63 shall pay an amount that is equivalent to the maximum liability for the costs related to the administration in bankruptcy pursuant to Section 73. The amount serves as security for this liability and can also be used to cover costs that accrue prior to the disposal of the estate's assets if the debtor does not have sufficient available funds for this purpose.

Section 3, paragraphs 3 and 5 and Section 5, paragraph 2 of Act no. 86 of 17 December 1982 relating to court fees will apply correspondingly.

The court may make exceptions to the rule concerning provision of security pursuant to paragraph 1 when it is petitioned that public authorities commence bankruptcy proceedings or it is otherwise assumed that there is substantial public interest in commencing bankruptcy proceedings.

Security pursuant to paragraph 1 shall not be furnished when the debtor or an employee with a preferential claim pursuant to Section 9-3 of the Satisfaction of Claims Act or a preferential claim pursuant to Section 1, paragraphs 4 nr. 1 and paragraph 2 nr. 2 item 1, of the Wage Guarantee Act, petitions that bankruptcy proceedings commence.

Amended by Act no. 69 of 14 June 1985, Act no. 42 of 10 Apr. 1992, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007, Act no. 80 14 of Des. 2012 (entered into force on 1 Jan. 2013), se chapter VIII, Act no. 74 19 of Des. 2014.

Section 68. *Withdrawal of the bankruptcy petition.*

A bankruptcy petition may be withdrawn as long as the court has not handed down an order as to whether bankruptcy proceedings shall commence.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 69. *Multiple bankruptcy petitions.*

A petition to commence bankruptcy proceedings on a debtor's estate may be decided even if a previously submitted petition for the same process has not yet been finally determined.

Section 70. *Scheduling of the court hearing. Notice to debtor and petitioner.*

When the court receives a petition to commence bankruptcy proceedings, the petition shall be annotated with the date when it was received by the court.

A court hearing for consideration of whether to commence bankruptcy proceedings shall be held as soon as possible after the petition has been received by the court and if possible within a week.

If the bankruptcy petition is submitted by the debtor, the court may summon him/her to the court hearing. In other cases, the notice to attend the court hearing shall be served on the debtor and the party who has submitted the petition with at least two days' notice. The petition is served on the debtor at the same time. Service on the debtor may be avoided if it has to occur pursuant to the rules in sections 180 and 181 of the Courts of Justice Act.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 71. *Postponement of the court hearing. Exchange of pleas.*

The court may postpone the processing of a bankruptcy petition until a subsequent court hearing with an order when it deems it necessary in order for further information to be gathered if there is reason to believe that the debtor has a valid absence or for other similar reasons. The new court hearing must normally be held within a week. Notice of the hearing will be served on the debtor and the petitioner with at least two days' notice. A new postponement may only be decided in exceptional circumstances.

If the court finds that a petition to commence bankruptcy proceedings raises factual or legal issues that require further examination, it may be decided by an order that the parties shall be entitled to submit pleas. The deadline for submitting a plea must normally not exceed four days, and all of the pleas should be received by the court within two weeks.

The court's decisions pursuant to this Section are not subject to appeal.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 72. *Order concerning commencement of bankruptcy proceedings. Appeals.*

The court shall hand down an order concerning whether to commence bankruptcy proceedings as soon as possible. The date and time when the order is handed down are noted in the court records.

In the event of an appeal against the order to commence bankruptcy proceedings, the estate shall also be a party. The appeal does not have any suspensive effect; however, before an order to commence bankruptcy proceedings has become legally binding, other transactions involving the debtor's assets should in principle not be undertaken aside from those that are necessary in order to prevent the estate from sustaining losses.

Amended by Act no. 8 of 30 March 1990, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 73. *Liability for the costs of the administration in bankruptcy.*

If bankruptcy proceedings have not commenced pursuant to Section 60, and it is shown that the estate does not have sufficient funds to cover the expenses of the administration in bankruptcy, the party who petitions for the commencement of bankruptcy proceedings is liable for the excess amount. However, this liability may be limited by regulations as stipulated by the King.

A debtor, employee or other private creditor who is exempted from providing security pursuant to Section 67 is not liable for expenses for the administration in bankruptcy.

The State is obligated to cover expenses that the party who has petitioned the commencement of bankruptcy proceedings does not cover or cannot pay. The same applies to expenses in the event of bankruptcy proceedings that commence pursuant to sections 57 and 65 when these cannot be covered by the estate's funds.

Amended by Act no. 42 of 10 Apr. 1992, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 74. *The duration of the bankruptcy proceedings.*

The bankruptcy proceedings are regarded as having commenced on the date when an order to commence bankruptcy proceedings has been handed down, and will prevail until the bankruptcy proceedings are finally concluded; cf. Section 137.

Section 75. *Prohibition on the use of property before the commencement of bankruptcy proceedings.*

If a petition to commence bankruptcy proceedings is submitted, the District Court (or the court that processes the petition after an appeal) may decide, upon request from a creditor, or on its own initiative, that the debtor's possession of assets that are covered by the right of seizure in bankruptcy shall fully or partially be abrogated until the bankruptcy petition has been decided, if it is likely that the debtor would otherwise dispose of the assets to the detriment of creditors. The court may make the decision concerning prohibition on the use of property depending on the provision of security. These rules apply correspondingly when the debt settlement committee has submitted its report as mentioned in Section 57, paragraph 1, sub-section 1.

The prohibition on the use of property may lapse if the court rejects the bankruptcy petition, unless the court decides that it shall continue to apply, however only until the order to open bankruptcy proceedings has become legally binding. In response to a petition from the debtor or a creditor or after a separate measure, the court may rescind the prohibition on the use of property if there are no longer sufficient grounds for upholding it.

The District Court shall ensure that the prohibition on the use of property is announced or registered. If the prohibition encompasses particularly specified objects, the rules on legal protection apply correspondingly for the attachment of goods. Moreover, the prohibition on the use of property shall be announced in the Register of Mortgaged Movable Property, but as far as this party is concerned, it may not be asserted upon those who have entered into an agreement with the debtor and

who were not aware or in a situation where they should have been aware of the prohibition.

When it is likely that the debtor would otherwise dispose of his/her assets at a loss for the creditors or otherwise complicate any subsequent bankruptcy proceedings that may occur, the court may implement measures as stated in sections 102 and 105. The rules in paragraphs 1 and 2 apply correspondingly.

Before a decision is made pursuant to this Section, the debtor should be given an opportunity to comment if possible. The decision shall be made by an order. An appeal does not have any suspensive effect unless the court so decides.

Amended by Act no. 8 of 30 March 1990, Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 76. *Liability for damages for unlawful bankruptcy petition, etc.*

The person who submits or upholds a bankruptcy petition pursuant to sections 57, paragraph 2, 60 or 65 without having reasonable grounds for assuming that the terms and conditions for commencement of bankruptcy proceedings have been met, is obligated to replace the loss that it can be assumed that the debtor has incurred as a result of the petition if the petition is rejected. If the party who submits the petition acts against his/her better judgment or through culpable negligence, the party in question may also be ordered to pay the debtor a reasonable sum of money as damages for non-economic loss for pain and suffering or other non-economic loss that the petition has brought bout.

The party who has submitted a petition for a prohibition on the use of property pursuant to Section 75 is obligated to pay compensation for losses incurred by the debtor that can be assumed to be caused as a result of the prohibition if the prohibition was clearly unnecessary and it was brought about by information that the person in question knew, or should have understood, was incorrect. Paragraph 1, sentence 2 applies correspondingly.

If requirements pursuant to paragraphs 1 and 2 are brought before the court, it will make its decision by judgment.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007 and Act no. 127 of 21 Dec. 2007.

Chapter IX. Measures that shall be taken immediately after the commencement of bankruptcy proceedings.

Section 77. *Appointment of administrator in bankruptcy, creditors' committee and auditor.*

When an order to commence bankruptcy proceedings has been handed down, the court shall immediately appoint an administrator in bankruptcy - normally an attorney.

At the same time, the court shall make a decision as to whether there are special grounds that warrant that the court should immediately appoint a creditors' committee, cf. Section 83, or whether the decision as to whether a creditors'

committee shall be appointed can endure until the matter can be considered at the first creditors' meeting.

The court may also appoint an auditor, cf. Section 90.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 78. *Announcement that bankruptcy proceedings have commenced.*

The court shall issue an announcement without delay that shall include:

1) Information that bankruptcy proceedings have commenced on the debtor's estate with information about the debtor's position or business sector, business address and residence, along with the name of the debtor's company when this differs from the name of the party in question;
2) Information about who has been appointed as administrator in bankruptcy and estate auditor if there is one;
3) A schedule for the first creditors' meeting on the estate, which should be held no later than three weeks after the announcement has been issued;
4) A request to creditors to notify their claims to the administrator in bankruptcy within a specifically stated deadline, cf. Section 109.
5) The name of the specific court that will handle the estate.

If it must be assumed that the estate will not provide coverage of unsecured claims, this may be stated in the announcement together with the court's possible decision pursuant to Section 156, paragraph 1.

If the Ministry so decides, the court or the administrator in charge of the Register of Bankruptcies shall send the announcement to the Brønnøysund Register Centre’s public announcement website. Further, the administrator in bankruptcy shall send the announcement to all known creditors.

The Ministry may issue regulations with specific provisions concerning the implementation of the announcement.

The court shall immediately inform Norges Bank when it has handed down an order to commence bankruptcy proceedings in an institution that participates in a system as mentioned in Section 1-1, paragraph 1 or Section 1-2 of the Act relating to payment systems, etc.

Amended by Act no. 34 of 19 March 1993, Act no. 27 of 15 May 1998 (entered into force on 1 Jan. 1999 pursuant to Decree no. 478 of 15 May 1998), Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 95 of 17 Dec. 1999 (entered into force on 14 Apr. 2000 pursuant to Regulations no. 324 of 13 Apr. 2000), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 91 of 5 Sept. 2003 (entered into force on 1 March 2004 pursuant to Decree no. 1118 of 5 Sept. 2003), Act no. 4 of 27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006), Act no. 41 14 of Jun. 2013(entered into force on 1 Jul. 2013 pursuant to Decree no. 638 of 14 Jun. 2013).

Section 79. *Registration etc. of notification that bankruptcy proceedings have commenced.*

The court shall ensure that notification that bankruptcy proceedings have commenced on the debtor's estate is registered in the Register of Bankruptcies.

The administrator in charge of the Register of Bankruptcies ensures that notification that bankruptcy proceedings have commenced on the debtor's estate is announced or registered in:

1) The Register of Mortgaged Movable Property,
2) The Central Coordinating Register for Legal Entities, if the debtor's business enterprise has been entered there,
3) the Land Registry if the debtor owns real property,
4) The Register of Business Enterprises if the debtor's business enterprise has been entered there,
5) The Register of Company Accounts if the debtor's business enterprise is required to submit its accounts to the Brønnøysund Register Centre,
6) The Norwegian Energy Certificate System, if the debtor has an energy certificate account.

The administrator in charge of the Register of Bankruptcies shall send notification of the commencement of bankruptcy proceedings in accordance with Section 14-2, paragraph 1, sentence 2 of the Value Added Tax Act.

Unless the court decides to do so on its own initiative, the administrator in bankruptcy shall ensure that notification that bankruptcy proceedings have commenced on the debtor's estate is registered in:

1) Other real property registers beside the Land Registry, if the debtor owns assets that are registered there,
2) The Central Securities Depository, if rights are registered there that the administrator in bankruptcy believes are covered by the estate's right of attachment.

Unless the court decides to do so on its own initiative, the administrator in bankruptcy shall forward information about the commencement of bankruptcy proceedings to Posten Norge AS and to the banks and equivalent institutions where the debtor has deposits.

The King may issue further provisions in regulations concerning the procedure for submitting notifications pursuant to the paragraphs 1-5.

If an asset is abandoned pursuant to Section 117 b, the administrator in bankruptcy shall ensure that notification as mentioned in paragraph 2, sub-sections 1 and 3 and paragraph 4 are deleted with respect to the abandoned assets. Furthermore, notification shall be given to the tax office if the abandonment applies to capital assets that may lead to claims for value added tax in the event of a sale by the debtor.

Amended by Act no. 78 of 21 June 1985, Act no. 34 of 19 March 1993, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 43 of 21 June 2002 (entered into force on 1 July 2002 pursuant to Decree no. 569 of 21 June 2002), Act no. 64 of 5 July 2002 (entered into force on 1 Jan. 2003 pursuant to Regulations no. 1627 of 20 Dec. 2002), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (paragraph 2 entered into force on 1 Jan. 2007 pursuant to Decree no. 1426 on 15 Dec. 2006, with the exception of paragraph 2, sub-section 3), which was amended by Act no. 52 of 30 June 2006, Act no. 54 of 29 June 2007 (entered into force on 1 Jan. 2008 pursuant to Decree no. 1370 of 7 Dec. 2007), Act no. 4 of 27 Jan. 2006 (the rest of the Section entered into force on 1 March 2008 pursuant to Decree no. 137

of 15 Feb. 2008), Act no. 58 of 19 June 2009 (entered into force on 1 Jan. 2010 pursuant to Decree no. 1347 of 6 Nov. 2009), Act no. 39 of 24 June 2011 (entered into force on 1 Jan. 2012 pursuant to Decree no. 1244 of 16 Dec. 2011).

Section 80. *Securing, registering, appraising and sealing the debtor's assets, etc.*

Unless the court decides to do so on its own initiative, the administrator in bankruptcy shall ensure as soon as possible that the debtor's accounts and accounting documentation are secured and that a registration and appraisal of the debtor's assets are undertaken. It is not necessary to reappraise assets that have been appraised during debt settlement proceedings immediately prior to bankruptcy proceedings.

If the court finds it necessary or appropriate, it may let the debtor's assets be sealed. The administrator in bankruptcy shall normally place money, securities and other valuables in secure deposit.

The debtor is obliged to be present during the official registration of assets carried out by the estate appraisers if this is demanded by the court or the administrator in bankruptcy.

The official registration and sealing of assets may be left to a district police officer *(Lensmann),* the Execution and Enforcement Commissioner or a police station assigned to carry out duties involving the administration of civil justice or another qualified person appointed by the court.

During the official registration of assets carried out by the estate appraisers, witnesses may be summoned if there are special reasons why it is desirable or if the court so decides. The Courts of Justice Act's rules pertaining to attesting witnesses to court proceedings apply correspondingly to the extent they are appropriate. When the appraisal requires specialist expertise, the administrator in bankruptcy or the court may appoint one or more expert assistants. Section 12 applies correspondingly to assistants of this sort.

If necessary, the administrator in bankruptcy or the court may request assistance from the police in order to implement securing, registering and sealing pursuant to this section.

Amended by Act no. 40 of 22 June 1990 (entered into force on 1 Jan. 1991), Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 53 of 25 June 2004 (entered into force on 1 Jan. 2006 pursuant to Decree no. 901 of 19 Aug. 2005), which was amended by Act no. 84 of 17 June 2005.

Section 81. (Repealed by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).)

Section 82. *Appeals.*

The court's decisions pursuant to Section 77, paragraph 2 and sections 78 to 80 are not subject to appeal.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Chapter X. The estate's bodies.

Section 83. *Creditors' committee and administrators.*

If the estate's size, degree of complexity or other circumstances so warrant, the court shall appoint a creditors' committee composed of one to three members, who shall preferably be selected from among the creditors or their representatives. In cases such as those mentioned in Section 84, an employee representative shall be appointed as a member of the creditors' committee; in such case, the creditors' committee may be composed of up to four members.

The administrators consist of the creditors' committee together with the administrator in bankruptcy.

If the court has not already appointed a creditors' committee, cf. Section 77, the creditors shall be given an opportunity to comment at the first creditors' meeting, to determine whether a creditors' committee should be appointed and perhaps to determine the composition of the committee. The court should also obtain the administrator in bankruptcy's views on the matter. The court may make its decision concerning the appointment of a creditors' committee contingent upon whether the party appointed is willing to assume the post without compensation.

The court's decisions pursuant to paragraph 1 are not subject to appeal.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 84. *Information to employees. Participation in the creditors' committee.*

The administrator in bankruptcy shall inform the employees in the debtor's business activity as soon as possible about their rights and keep them informed about the administration in bankruptcy as long as their interests are affected. This may occur via a meeting with the employees or their representative, in a letter, or in another appropriate manner.

When it is decided, pursuant to sections 77 or 83, that a creditors' committee shall be appointed, the court shall appoint a representative for the employees as a member of the creditors' committee in accordance with demands from a majority of the employees in the debtor's business activity. The same shall apply when such a demand is specified by a local trade union that organises a majority of the employees in the business enterprise or by several local trade unions that together organise a majority of the employees.

However, after an assessment of the position of the estate, the outlook for further operation, and other circumstances, the court may decide not to appoint such a representative. In such case, the court shall obtain a statement from the administrator in bankruptcy beforehand.

The King may make exceptions to these rules in this section by regulations or a decision in the individual case and provide supplementary rules, including the application of the rules in groups and conditions resembling those in groups.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 45 of 20 June 2003 (entered into force on 1 July 2003 pursuant to Decree no. 712 of 20 June 2003).

Section 85. *The administrator in bankruptcy's tasks and authority.*

The administrator in bankruptcy shall look after the creditors' common interest with the individual creditor and with a third party. Insofar as it is compatible with these interests, the administrator in bankruptcy shall cooperate with the public authorities to help ensure that consideration is given to affected employees and in particular to the interests of society during the administration in bankruptcy. It is incumbent on the administrator in bankruptcy to take the necessary steps to ensure that the estate can be settled:

1) To find out what belongs to the estate's assets available for distribution, including looking into, and if necessary responding to, claims regarding the surrender of assets that are part of the estate;
2) To call in the estate's outstanding claims;
3) To take care of the preservation, supervision, necessary insurance and a possible augmentation of the estate's assets and to see that they are sold as advantageously as possible;
4) To clarify which claims should be approved as claims entitled to dividends and which claims, if any, are preferential in the estate;
5) To decide - with the exception of his/her own - the estate auditor's and the creditors' committee members' remuneration, which claims shall be accepted as costs of liquidation and hence claims of equal priority;
6) To make a decision about the repeal of the bankruptcy attachment (abandonment) or transfer to a lienholder for specifically indicated assets;
7) To provide information as stated in Section 122a to the prosecuting authorities and the Financial Supervisory Authority of Norway;
8) To notify the County Governor as soon as possible if the business enterprise is likely to cause unlawful pollution pursuant to the Pollution Control Act;
9) To notify the local office of the Norwegian Labour and Welfare Administration where the debtor is located of the bankruptcy as soon as possible and of which employees have claims on the estate if there are employees in the debtor's business enterprise.

If a creditors' committee has been appointed, the administrator in bankruptcy shall make his/her decision on all matters of material importance if possible in consultation with the creditors' committee.

The administrator in bankruptcy represents the estate to third parties. If the administrator in bankruptcy has acted in violation of a decision that the administrators, the creditors' meeting or the District Court have made or otherwise exceeded his/her expertise, this may not be invoked against a third party in good faith.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 20 of 16 June 2006 (entered into force on 1 July 2006 pursuant to Decree no. 631 of 16 June 2009), Act no. 48 of 19 June 2009 (entered into force on 21 Dec. 2009 pursuant to Decree no. 1603 of 18 Dec. 2009).

Section 86. *The estate's accounts. Cash assets.*

The administrator in bankruptcy shall keep accounts for the estate. The Ministry may specify further rules concerning the accounting.

Funds that belong to the estate shall usually be deposited in a bank account. The court may give its consent to some other secure placement.

Amended by Act no. 69 of 14 June 1985, Act no. 5 of 9 Jan. 1998, Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 87. *Provision of security for the administrator in bankruptcy's liability.*

The administrator in bankruptcy shall be secured for his/her possible liability as administrator in bankruptcy through an insurance scheme approved by the Ministry. The insurance premium is regarded as an expense of the estate.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 88. *The creditors' committee's tasks.*

Along with the administrator in bankruptcy, the creditors' committee shall safeguard creditors' common interests in respect of the individual creditor and with a third party. Insofar as it is compatible with these interests, efforts shall be made in cooperation with the public authorities to help ensure that consideration is given to affected employees and in particular the interests of society during the administration in bankruptcy.

Furthermore, the committee shall supervise the administrator in bankruptcy and can demand access at any time to the estate's registered accounting information, accounting materials, books and papers and demand to be provided with all necessary information. The committee's members may demand that more specific questions about the bankruptcy proceedings be submitted to all of the administrators for a decision.

If the committee has objections to the administrator in bankruptcy's conditions on important clauses, it shall submit a report immediately to the District Court.

Amended by Act no. 56 of 17 July 1998 (entered into force on 1 Jan. 1999), Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 89. *The administrators' proceedings.*

The administrator in bankruptcy chairs the administrators' meetings and keeps minutes of the proceedings and the decisions that are made. These minutes are signed for each meeting by all attending administrators.

The administrators make their decisions by a majority vote. In case of a tied vote, the administrator in bankruptcy shall cast the deciding vote.

Section 90. *Auditor.*

Unless an auditor has been appointed pursuant to Section 77, paragraph 3, the court shall appoint an auditor for the estate after the creditors have had an opportunity to comment at the first creditors' meeting.

It is incumbent on the auditor:

1) To review and comment on the debtor's accounts and business conduct and to draft an auditor's report if the administrator in bankruptcy assumes that it is important for the drafting of the report pursuant to Section 120;
2) To review the estate's accounts in accordance with generally accepted accounting practices and to check payments from the estate.

At the time of the appointment or subsequently, the court may limit the auditor's tasks pursuant to paragraph 2, sub-section 1. The court may also exempt the auditor from the tasks pursuant to paragraph 2, sub-section 2.

If the estate is simple and well ordered, or if its funds are so limited that it may be difficult to cover the expenses of appointing an auditor, the court may completely avoid appointing an auditor. If an auditor is not appointed to perform the tasks pursuant to paragraph 2, sub-section 2, these shall be performed by the court, by the creditors' committee or by a specially appointed auditor according to instructions provided by the court.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 91. *Conflict of interest rules, etc. for administrators and auditor.*

The rules in sections 12 and 13 apply correspondingly to the administrators and auditor.

Appointment of a new administrator in bankruptcy, new auditor or new members of the creditors' committee occurs in accordance with the rules in sections 77, 83, 84 and 90.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 92. *When a creditors' meeting shall be held.*

A creditors' meeting shall be held when
1) It is required by law,
2) The court finds that it is required,
3) The administrator in bankruptcy or another administrator requests it, or
4) It is requested by creditors who represent at least 1/5 of the total amount of the claims that give voting rights.

Where the working circumstances make it necessary, in pressing cases the judge may authorise an official to chair an individual creditors' meeting during bankruptcy proceedings.

An official who is authorised pursuant to paragraph 2 may not process and decide disputes, or undertake divisions of assets. The authorisation does not entitle the official to direct the court during depositions.

Amended by Act no. 40 of 22 June 1990 (entered into force on 1 Jan. 1991), Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 93. *Notice of creditors' meeting.*

Unless otherwise specified in this Act, the court shall decide how notice of the creditors' meeting shall be given. As long as the deadline for submission of claims has not expired, a notice shall nevertheless always be published on the Brønnøysund Register Centre’s public announcement website.

When the deadline for submission of claims has expired, the court may allow scheduling of the creditors' meeting be announced in the previous creditors' meeting, if the court finds this appropriate, instead of by notice.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006).

Section 94. *Voting rights at creditors' meeting. Representation, impartiality.*

Unless otherwise specified in this Act, voting rights in a creditors' meeting may only be exercised by a creditor who attends in person or through a representative who has general authority to appear on behalf of the creditor in the creditors' meeting.

No one may take part in voting in person as a representative or through a representative if that voting applies to:

1) Agreement between him-/herself and the debtor or the estate;
2) His/her own liability vis-à-vis the debtor or the estate;
3) A matter where he himself has a prominent personal or financial special interest.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 95. *Voting rights at creditors' meeting. Secured, preferential and contingent claims.*

Claims that are secured by a lien or other security interest in the debtor's assets only give voting rights for the amount that it cannot be assumed would be covered by the security.

Claims that have statutory preferential rights do not give voting rights if it is clear that the estate will provide full coverage of them. If it is clear that the estate will only provide coverage of these claims, they are the only ones that will give voting rights.

The provisions in paragraph 2 will apply correspondingly to the relationship between general claims against the bankrupt and subordinated claims.

Contingent claims do not give voting rights before the condition has taken effect.

Section 96. *Voting rules.*

Decisions in creditors' meetings are made by a general majority calculated according to the amount of the claims. However, the majority's total outstanding claims must constitute at least 1/5 of the total amount of the claims that give voting rights. If there is a tie in the number of votes calculated according to the amount of the claims is equal, the number of creditors will decide the vote.

In the event of voting before the deadline for submission of claims has expired, consideration shall be given to all claims that the court or the administrators are

aware of at the time of voting. For subsequent voting, consideration shall be given to all claims submitted before the expiration of the deadline, as well as claims submitted after the expiration of the deadline, but at least one week before the creditors' meeting.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 97. *Voting rights disputes.*

If there is a dispute or uncertainty about or for what amount a claim shall give voting rights, the court decides the matter insofar as is necessary in order to determine the outcome of the voting. Before the court makes a decision, it may decide to gather further information. The decision is only effective for the question of the creditors' voting rights and may not be appealed.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 98. *The creditors' meeting's authority.*

The decisions that the creditors' meeting makes are binding for the administrator in bankruptcy and the administrators unless they are rejected pursuant to Section 99.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 99. *The District Court's executive and supervisory authority.*

The District Court may order the administrator in bankruptcy or the administrators to submit specific questions about the administration in bankruptcy to the creditors' meeting for comment or decision.

On its own initiative, or in response to a petition by the debtor, a creditor or an administrator, the court by order may repeal or reverse decisions made by the administrator in bankruptcy, the administrators or the creditors' meeting if the decision:

1) Is in conflict with the debtor's, a creditor's or a third party's rights;
2) Is unlawful in other respects;
3) Is clearly unreasonable.

Section 10, paragraph 2 applies correspondingly.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Chapter XI. The debtor's position during the bankruptcy proceedings, etc.

The heading was amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 100. *The debtor's right and entitlement to dispose of the estate's assets.*

During the bankruptcy proceedings, the debtor does not have the right to dispose of the estate's assets, to accept that the estate's claims are met or accept dismissals, etc. on behalf of the estate or to incur obligations on behalf of the estate.

The estate may not invoke the rule in paragraph 1 vis-à-vis the party who has met his/her obligations vis-à-vis the debtor, or submitted a dismissal or similar order to the debtor in a case where such an order must be made within a certain deadline and who did not know nor ought to have known that bankruptcy proceedings had commenced.

The party who invokes the rule in paragraph 2 has the burden of proof that there was good faith.

The rules in this Section do not entail any change in the terms and conditions for achieving legal protection with regard to the estate in bankruptcy.

Amended by Act no. 8 of 30 March 1990.

Section 101. *The debtor's obligation to provide information, etc.*

After an order to commence bankruptcy proceedings has been handed down, the debtor is obligated to provide the District Court, the administrator in bankruptcy, the administrators and the auditor with all information about his/her financial matters and about his/her business conduct before and during the bankruptcy proceedings. The debtor shall also assist in obtaining correspondence, accounting documentation and other documents of importance for the administration in bankruptcy. The debtor shall also provide necessary assistance in order to secure the estate's assets and determine the scope of its obligations. The debtor shall also assist the administrator in bankruptcy insofar as is necessary in connection with compliance with the duty of notification pursuant to Section 85 paragraph 1, sub-section 8.

In addition, the rules in Section 18 paragraph 2 apply correspondingly.

When it is demanded by the court or the administrator in bankruptcy, the tax authorities shall provide information about the debtor's net assets and income.

With regard to accountants' and auditors' duty to assist, Section 18a applies correspondingly.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 102. *Travel restrictions.*

During the bankruptcy proceedings, the debtor must not travel outside of the realm without the court's consent or leave the judicial district or a specifically defined area around it in violation of a prohibition by the court on so doing.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 103. *The debtor's obligation to attend creditors' meetings.*

The debtor is obligated to attend all creditors' meetings, unless the debtor has valid grounds for absence or has been given permission by the administrator in bankruptcy to be absent.

Amended by Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 104. *Postal items, etc. sent to the debtor.*

The administrator in bankruptcy is entitled to demand that letters and other postal items and telegrams addressed to the debtor be handed over. The administrator in bankruptcy may open all items that are not clearly irrelevant to the estate. The debtor shall have an opportunity to be present when the items are opened.

Section 105. *Restrictions imposed on the debtor's freedom.*

The court may impose restrictions on the debtor's freedom by order:

1) When there is reason to believe that the debtor is attempting to withhold some of its assets or rights from the estate;
2) When there is reason to believe that the debtor will act in violation of his obligations pursuant to Section 102;
3) When there is otherwise reason to believe that the debtor will grossly violate his/her obligations pursuant to this Act.

Restrictions on freedom may consist of arrest and arraignment in court or appearance before the administrator in bankruptcy, of remand in custody or of other restrictions on his/her personal freedom pursuant to further decision by the court.

Restrictions on freedom may be ordered for a maximum of three weeks at a time, but may be extended after a new decision by the court.

When a decision concerning restrictions on freedom is made without any preliminary proceedings, the court shall send notice of preliminary proceedings to consider the matter as soon as possible if the debtor or administrators so request. If restrictions on freedom result in remand in custody, the court will send the notice on its own initiative. A decision concerning restrictions on freedom that is made without any preliminary proceedings may not be especially appealed.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 106. *Financial provision.*

When requested by the debtor, the court may allow the debtor or the debtor's family a financial provision from the estate's funds upon commencement of bankruptcy proceedings or at a later date. If a creditors' meeting on the estate is held after the court has made the decision to allow such financial provision, the question of whether to continue the financial provision may be submitted to the creditors for comment. The decision may be reversed if it turns out that it is based on incorrect assumptions or if circumstances have subsequently changed.

In the decision, special consideration shall be given to the position of the estate, to the debtor's and his/her family's needs, to the extent to which the debtor's personal efforts will be called for during the administration in bankruptcy and to the debtor's possibilities of obtaining income through other personal activities.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 107. *The debtor's death*

In the event of the death of the debtor after bankruptcy proceedings have commenced on the debtor's estate, this will have no influence on the processing and closing of the estate.

If requested by the debtor's surviving relatives, the court or the administrator in bankruptcy may decide that the funeral expenses shall fully or partially be paid by the estate.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 108. *The debtor is an association or a foundation.*

If the debtor is an association or a foundation, sections 101-107, cf. Section 75, paragraph 4, shall apply correspondingly to the party who is, or has been, a personally liable participant in or manager or board member of the association. However, the obligation to attend meetings pursuant to Section 103 only exists when the administrator in bankruptcy has issued an order so requiring.

For persons who have not been in such a position later than one year prior to the date of filing for bankruptcy, the rules will only apply to the extent that the court so decides.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 on 30 Aug. 2002).

Chapter XII Submission of and review of claims.

Section 109. *Call for submission of claims. Deadline.*

In the announcement that bankruptcy proceedings have commenced, the court shall request that the debtor's creditors submit their claims in writing to the administrator in bankruptcy within a specifically indicated deadline. Documentation providing evidence for the claims shall accompany the submission of claim, and information shall be provided detailing the basis for the claims and the security on the debtor's or a third party's assets that must cover them, and about whether there are any jointly and severally liable co-debtors.

If the bankruptcy proceedings commence as a direct continuation of debt settlement proceedings, cf. Section 1-4, paragraph 6 of the Act relating to creditors' rights to satisfaction of claims, and if the claim has been reported to the debt settlement committee during these proceedings, it is not necessary to report it again. Information about this shall be stated in the announcement.

The deadline for submission of claims must be a minimum of three weeks and maximum of six weeks calculated from the date when the commencement of bankruptcy proceedings was published on the Brønnøysund Register Centre’s public announcement website.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006).

Section 110. *List of submitted claims. The administrator in bankruptcy's recommendation.*

The administrator in bankruptcy shall keep a list of the claims that are submitted in the estate with an indication of the priority to which the creditor believes he/she is entitled.

The administrator in bankruptcy shall specify on the list as soon as possible the amount of the claim and the priority with which it is recommended that the individual claim shall be approved. The administrator in bankruptcy shall also submit an estimate of the cost of liquidation and thus of the claims of equal priority that it is assumed would be filed against the estate.

The administrator in bankruptcy shall not recommend claims that will clearly not achieve coverage or minimum coverage specified pursuant to Section 128, paragraph 3 even if they are based on the submission of claim. Creditors whose claims are not recommended pursuant to this Section shall be informed that their claims will not be recommended and reviewed.

Everyone who has a legal interest in the bankruptcy proceedings is entitled to access to the list and the submissions of claim.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 45 of 20 June 2003 (entered into force on 1 July 2003 pursuant to Decree no. 712 of 20 June 2003).

Section 111. *Reviewing claims.*

The recommended claims will be reviewed as soon as the necessary basis for the review has been obtained. The review is conducted by the administrator in bankruptcy or by the administrators if a creditors' committee has been appointed. The review may be conducted in the creditors' meeting.

The bankruptcy debtor, creditors who have had their claims recommended and the estate auditor have the right to comment and be present during the review of the claims. These parties shall be notified about the time and place of the review and to receive the administrator in bankruptcy's recommendations at least eight days prior to the date when the review is to take place. Notice of the review of claims may be sent electronically with a reference to the electronic address of the recommendation, if the recipient has accepted the use of electronic communication. However, any party who is entitled to be present at the review of claims is entitled to be sent the recommendation upon request. When it is found justifiable, a claim may be reviewed even if the administrator in bankruptcy's recommendation has not been available at least eight days prior to the review of claims.

Claims that are submitted with claims of preferential rights should be reviewed first. If necessary, the review may be continued at a later time. The results of the review shall be entered in the minutes.

If the approval or the rejection of a claim depends on circumstances that are not known when the claim is reviewed, a decision may be made that is contingent upon the administrator in bankruptcy subsequently finding that a specifically defined condition has been met.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 112. *The administrator in bankruptcy amends his/her recommendation.*

If the administrator in bankruptcy amends his/her recommendation concerning a claim as a result of the information or objections that are presented during the review of claims, the review of the claim should be postponed when it is not unobjectionable to review the claim immediately.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 113. *Claims that are approved.*

If the administrator in bankruptcy recommends that a claim shall be approved in accordance with the submission of claim, and no objection is made against the recommendation during the review at the latest, the claim will be regarded as approved with regard to both its amount and its priority. It may not be subsequently contested during the bankruptcy proceedings unless information is presented that would undoubtedly have caused the approval to have been refused if it had been available during the review. Any question about a new review of an approved claim shall be submitted to the court that makes its decision by issuing an order.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 114. *Claims that are contested.*

If the administrator in bankruptcy recommends that a claim shall not be approved in accordance with the submission of claim, or if the debtor, an administrator or a creditor who has had his/her claim recommended objects to the submission of claim, the administrator in bankruptcy shall inform the complainant and allow this party to submit grounds for the submission of claim by a specified deadline.

If the complainant does not submit any such grounds by the expiration of the deadline, or if the recommendation or objection is maintained, the administrator in bankruptcy shall report this situation to the District Court. The court shall give the complainant a deadline of at least three weeks to file a dispute and provide information that the recommendation or objection will form the basis for the review if a dispute is not filed by the deadline.

Only the complainant and the party who has contested the claim will be regarded as parties in any dispute that may arise as mentioned in paragraph 2. If the party that raised an objection to the submission of claim wins this type of dispute without being awarded costs of action, the court may decide that the party in question shall be awarded full or partial compensation by the estate, limited to the gain achieved by the estate.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 115. *Claims submitted after the expiration of the deadline.*

Sections 110-114 apply correspondingly to claims that are submitted after the expiration of the deadline for submission of claims. The court may require the complainant to pay compensation to the estate for the particular expenses that are incurred during the review as a result of the claim being submitted after the expiration of the deadline.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 116. *Corrected or amended submission of claims.*

As long as a submitted claim has not been reviewed, the complainant may make amendments and corrections in the submission of claim with regard to the basis, amount and priority of the submitted claim.

After the claim has been reviewed, amendments or corrections of this sort may only be made when they are due to circumstances of which the complainant was previously unaware.

The amended or corrected submission of claim will be regarded as a new submission of claim if it makes it necessary for the submitted claim to have to be approved with higher priority or with a significantly higher amount.

Chapter XIII Disposal of the estate's assets. Reporting and accounts.

Section 117. *Disposal of the estate's assets.*

Within the limits set by business legislation, the estate's assets shall be disposed of in the manner that is assumed under the circumstances to give the greatest yield. Sale at a public auction should not take place unless there is reason to believe that a greater yield would be achieved through this method of sale than through sale by private contract.

Sale of the estate's assets to the debtor or to the debtor's close associates as mentioned in Section 1-5 of the Satisfaction of Claims Act shall not occur before publication of an announcement in a newspaper or in an appropriate electronic medium. The deadline for submitting a bid shall normally not be set any shorter than one week. Announcement may be avoided if special circumstances make it inappropriate to announce the sale.

The rules in Section 17, paragraph 2 apply correspondingly, but in such a way that the deadline is calculated from the date of filing for bankruptcy.

Amended by Act no. 18 of 23 Apr. 2004 (entered into force on 1 Jan. 2005 pursuant to Decree no. 1665 of 17 Dec. 2004).

Section 117a. *Sale of over-encumbered assets.*

The administrator in bankruptcy may sell the estate's over-encumbered assets so that uncovered encumbrances will be deleted if:

1) The sale occurs together with other assets of the estate and an aggregate sale is expected to yield greater proceeds for the estate than a sale of the assets individually, or
2) The sale occurs as part of an aggregate transfer of all or part of the business with the aim of remaining a going concern after the bankruptcy.

Through the sale, all monetary encumbrances that are within the purchase price will be assumed insofar as the encumbrances have legal protection relative to the estate in bankruptcy. Encumbrances other than monetary encumbrances in the

object in question are assumed by the buyer above the purchase price insofar as the encumbrance in question has legal protection relative to the estate in bankruptcy. However, such encumbrances shall be set aside, if it is necessary to provide coverage of monetary encumbrances with better or equal priority.

In the sale of capital assets registered as real property, the court shall confirm the sale by order if not all of the affected rights holders have given their written consent to the sale. In such case, the provisions in sections 11-29 to 11-35 of the Enforcement Act apply correspondingly insofar as they apply.

In a disposal of chattels that are not registered as real property, the administrator in bankruptcy shall send a written notice to the rights holders who may be affected by the sale with information that the decision to undertake a sale may be reversed by the court pursuant to Section 99. The sale may be held no sooner than 14 days after the notice was issued. The court's decision may not be appealed.

The value of every single item mortgaged shall be specified in the contract with the buyer. The administrator in bankruptcy receives the purchase price from the buyer and divides the amount among the rights holders of the object in question in accordance with their priorities. Section 11-38 of the Enforcement Act applies correspondingly insofar as it is appropriate. The excess amount falls to the estate.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 117b. *Abandonment.*

The administrator in bankruptcy may decide to terminate the bankruptcy attachment of an asset that is of no financial interest to the estate. This decision is implemented by the administrator in bankruptcy issuing a written statement to the debtor that the asset has been abandoned. This statement shall specify the date and time of the abandonment. Starting at this time, the asset shall be put at the debtor's disposal. The debtor assumes the risk for the asset starting from the date and time of abandonment.

The administrator in bankruptcy should notify the asset rights holders before the abandonment is implemented.

The administrator in bankruptcy may reverse a decision to abandon if the debtor has furnished incorrect information or withheld information of importance for the decision. This shall not apply, however, if a third party has acquired entitlement to the asset. The administrator in bankruptcy may confiscate any profit that the debtor may achieve through the sale or rental, or other manner, of the asset.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 117c. *Transfer to lienholder.*

The administrator in bankruptcy may transfer a mortgaged asset that is of no financial interest to the estate to a lienholder who consents to this.

This transfer shall occur at the lien's assumed market value at the date and time of transfer. The administrator in bankruptcy undertakes the appraisal and can elect to base it on the amount that a sale of the lien brings in. The appraisal provides the

basis for the calculation of the lienholders' claims on dividends pursuant to Section 8-14 of the Satisfaction of Claims Act and for the settlement of the debtor's debt to the lienholder.

If several lienholders wish to have the asset transferred to them, the transfer goes to the lienholder who has the lowest priority within the asset's assumed market value on the date and time of transfer.

This transfer is implemented by the administrator in bankruptcy issuing a written statement to the lienholder that the asset has been transferred. This statement shall specify the date and time of the transfer. Starting at this time, the asset shall be put at the lienholder's disposal. The lienholder assumes the risk for the asset starting from the date and time of transfer. Expenses that are incurred in connection with the transfer, including claims for public fees and duties, will be covered by the lienholder.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 118. *Dispute concerning the extent of the estate's right of attachment.*

If the administrator in bankruptcy, or the administrators when a creditors' committee has been appointed, find it doubtful whether the estate should try to claim a right to which it is assumed that it is entitled, the matter shall be submitted to the creditors' meeting for a decision.

If the creditors' meeting decides that the estate shall not pursue the right to which it may be entitled, any creditor who has voted against the decision may bring up the matter on behalf of the estate within a deadline that the court sets, unless a settlement has been reached between the estate and the relevant other party. In such case, the creditor must assume liability and provide the security specified by the court for the loss that the estate may incur when the case is brought to court.

The creditor must bear the costs of the legal action; however, if it results in an increase in the estate's assets available for distribution, the creditor may demand that reasonable expenses be covered in advance of the amount gained.

The rules in paragraphs 2 and 3 apply correspondingly when there is a question of using legal remedies against a decision about the rights of the estate.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 119. *The debtor's business activity.*

Questions whether, and if so to what extent, the debtor's business activity should continue to operate at the expense of the estate and within the limits set by business legislation shall be decided as soon as possible by the administrator in bankruptcy or by the administrators if a creditors' committee has been appointed.

If the enterprise shall continue, the matter should be submitted for comment to the creditors' meeting. Continuation should only be decided if it is likely that adverse effects for the estate may thereby be avoided or a more favourable disposal of the estate's assets may be achieved. The operation may also be continued if consideration to affected employees or special interests of society argues for so doing and if the estate has been given sufficient security so that continued operations will not diminish the possibilities of coverage.

Questions about this kind of limitation or restructuring of the debtor's business activity that are of material importance for the employees and their working conditions shall be discussed with representatives for the employees, and insofar as it is possible, they should be given an opportunity to present their points of view before measures are implemented.

The court may make temporary decisions about the debtor's business activity, which shall be submitted for final decision as soon as possible in accordance with paragraph 1.

If it is decided in consultation with the lienholders or others that the enterprise shall continue, the administrator in bankruptcy shall ensure that matters of importance for the parties, including the distribution of income and expenses among the parties, shall be clarified in writing.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 120. *The estate's reporting.*

Unless the District Court decides otherwise during the appointment of an administrator in bankruptcy or thereafter, the administrator in bankruptcy, or the administrators if a creditors' committee has been appointed, shall submit a report to the District Court no later than three months after the appointment, which, among other things, shall include:

1) An overview of the debtor's business conduct with information about how the registration and documentation of accounting information has been performed and about the conditions that have resulted in the bankruptcy proceedings. This overview should include the debtor's last two annual accounts and annual reports (status, management accounts) and also a list of the turnover;
2) An overview of the position of the estate, e.g. with information on the debtor's guarantee and bill of exchange obligations, the encumbrances that have been placed on the debtor's assets and the way in which the assets have been appraised;
3) Information on the debtor's net marital assets;
4) Information about whether the debtor is assumed to have made transactions that may be reversed;
5) Information about whether there are assumed to be matters in connection with the debtor's financial activities that can give grounds for prosecution of the debtor or of someone who has acted on behalf of the debtor. If the debtor is an association or a foundation, information shall be provided about whether a manager or a board member is assumed guilty of such offences.
6) Information about whether there are assumed to be matters that may give grounds for sanctions against the debtor's auditor from the Financial Supervisory Authority of Norway pursuant to sections 9-1 and 9-2 of the Audit and Auditors Act;
7) An assessment of whether there are any conditions that are covered by the rules concerning the disqualification from business in Section 142.

A report from an auditor shall be attached if there is one. Moreover, a statement from the debtor shall be attached as to whether the information in the report pertaining to the debtor's financial matters is correct and exhaustive to the extent of the debtor's knowledge.

If the bankruptcy proceedings commence as a direct continuation of debt settlement proceedings, cf. Section 1-4, paragraph 6 of the Satisfaction of Claims Act, and if during these proceedings a report has been drafted in accordance with Section 21, this report with the necessary additions and amendments may be utilised as a bankruptcy report.

The administrator in bankruptcy shall make the creditors aware of the report by sending it to them or by making it electronically available if the creditor has accepted the use of electronic communication. The administrator in bankruptcy shall send the report to the Register of Bankruptcies and the debtor.

Amended by Act no. 56 of 17 July 1998 (entered into force on 1 Jan. 1999), Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008), Act no. 48 of 19 June 2009 (entered into force on 21 Dec. 2009 pursuant to Decree no. 1603 of 18 Dec. 2009).

Section 121. *Annual report of the administration in bankruptcy. The District Court's supervision.*

If the estate has not been closed one year after the appointment of an administrator in bankruptcy, the administrator in bankruptcy shall send the District Court a report on the administration in bankruptcy and the accounts of the estate. If a creditors' committee has been appointed, the accounts and the report shall be submitted beforehand to the creditors' committee's members, who make any comments they find necessary in notations. The accounts shall also be submitted to an auditor if there is one.

A report and accounts as mentioned in the preceding paragraph shall always be submitted during the administration of an estate by an administrator in bankruptcy and also when the court so decides, but in any case at least once a year. The court may otherwise demand at any time that the administrator in bankruptcy and the creditors' committee's members shall provide full information about the administration in bankruptcy.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 122. *Final accounts and report.*

When the estate shall be closed or the administration in bankruptcy shall be terminated for some other reason, the administrator in bankruptcy shall present final accounts and a final report. Section 121, paragraph 1, sentences 2 and 3 apply correspondingly. The accounts with the auditor's statement and the report shall be submitted to the District Court and the debtor.

Before the court approves the accounts, the administrator in bankruptcy shall send a copy of the accounts and the report to all of the creditors. The creditors shall be given a deadline of at least two weeks in which to file an objection to the approval of the accounts, that the estate is to be closed or that the administration in bankruptcy is to be terminated for another reason. If the creditor has accepted the

use of electronic communication, the creditor may be made aware of the deadline in the notice and of the electronic address of the accounts and the report.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 122a. *Administrator in bankruptcy's and estate auditor's tasks with regard to the prosecuting authorities and the Financial Supervisory Authority of Norway.*

The administrator in bankruptcy shall furnish information to the prosecuting authorities as soon as possible if it is assumed that there are circumstances such as those mentioned in Section 120, paragraph 1, sub-section 5, and to the Financial Supervisory Authority of Norway if it is assumed that there are circumstances such as those stated in Section 120, paragraph 1, sub-section 6. The reports pursuant to sections 120 to 122 that deal with such matters shall also be sent to the prosecuting authorities or the Financial Supervisory Authority of Norway.

Provided that rules concerning duty of non-disclosure to a third party do not prevent it, the administrator in bankruptcy is obligated upon request to assist the prosecuting authorities and the Financial Supervisory Authority of Norway in obtaining information and documents belonging to the estate for use in the investigation of matters as mentioned in Section 120, paragraph 1, sub-sections 5 and 6. If this entails work that falls outside the estate's ordinary administration in bankruptcy, the administrator in bankruptcy is entitled to special authorisation by the requisitioning body.

Paragraph 2 applies correspondingly to an estate auditor if there is one.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), which was amended by Act no. 48 of 19 June 2009 (entered into force on 21 Dec. 2009 pursuant to Decree no. 1603 of 18 Dec. 2009).

Section 122b. *Storage of the debtor's accounting materials.*

The debtor's accounting materials may be destroyed if the administrator in bankruptcy finds that they are no longer of any importance to the administration in bankruptcy. Before destruction occurs, the administrator in bankruptcy shall notify the debtor, the prosecuting authorities and the tax authorities that the accounting materials will be destroyed if no other party offers to take over the materials by a reasonable deadline, which will be set by the administrator in bankruptcy. Notice should also be given to other creditors who may conceivably have an interest in taking over the accounting materials.

Added by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Chapter XIV Compulsory debt settlement during bankruptcy proceedings.

Section 123. *Debt settlement proposal*

The debtor may submit a proposal for compulsory debt settlement after the report mentioned in Section 120 has been issued and until the administration of the estate is brought to a close.

The proposal, which must be in accordance with the rules in Section 30, shall be submitted in writing to the administrator in bankruptcy, or the administrators if a

creditors' committee has been appointed, who will submit it to the District Court with their comments about whether they recommend that the proposal be approved, about the outlook for and the certainty that the proposal will be complied with by the debtor and about the terms and conditions that the administrator in bankruptcy or the administrators have specified in order to recommend the proposal. Section 22, paragraph 1, sentences 2 and 3 apply correspondingly. If the administrator in bankruptcy or the administrators decide that the vote on the proposal should occur in a voting meeting, cf. Section 40, paragraph 2, a request for this shall be submitted at the same time to the District Court.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 124. *Acceptance of the proposal.*

The court decides by order whether the proposal shall be given consideration and at the same time makes a decision about any request that may have been submitted that the voting shall take place in a voting meeting. Consideration shall be refused if the court does not find that it is likely that the proposal may be approved and confirmed. An order that rejects consideration may be appealed against within three days. If the order entails that the proposal shall be considered, it is not subject to appeal.

When it is decided that the proposal shall be given consideration, the administrator in bankruptcy shall send it together with his/her or the administrators' comments and the list that is mentioned in Section 41 to all known creditors. The rules in sections 40 to 44 apply correspondingly, as in such case the administrator in bankruptcy or the administrators act instead of the debt settlement committee. If the creditor has accepted the use of electronic communication, the creditor may be made aware in the notice of the deadline pursuant to Section 40 and of the electronic address of the proposal, the administrator in bankruptcy's and administrators' comments and the list of creditors.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007, Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 125. *Confirmation of the voluntary arrangement.*

When a vote is taken, the court decides by order whether the voluntary arrangement shall be confirmed. If the estate's cash balance is insufficient to cover the cost of liquidation and preferential claims, the voluntary arrangement may only be confirmed if adequate security is provided to ensure that the insufficient amount of funds will be paid up in the event of confirmation. In addition, sections 38, 47-51, 54 and 55 will apply correspondingly. The court's order may be appealed against by the debtor and any creditor who will be bound by the voluntary arrangement.

If the voluntary arrangement is confirmed, the administration in bankruptcy shall at the same time be terminated. When the order has become legally binding, an announcement that the voluntary arrangement has been confirmed and that the administration in bankruptcy has been terminated will be published in the manner specified in Section 78, paragraph 3. Section 53, paragraph 3 applies

correspondingly where the administrator in bankruptcy acts in place of the debt settlement committee.

When the order concerning confirmation has become legally binding, the administrator in bankruptcy shall pay the costs of liquidation and the preferential claims, or, if the claims are disputed, deposit the necessary funds to cover them in a bank account, where Section 47, paragraph 2 applies correspondingly.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 126. *Compulsory debt settlement proceedings after the death of the debtor.*

In the event of the death of the debtor before the estate is brought to a close, the inheritors may submit a proposal in place of the debtor for compulsory debt settlement or continue the proceedings with regard to an already submitted proposal if they:

1) Declare to the court that they assume full and undivided liability for compliance with the voluntary arrangement that may be arrived at;
2) Would have been entitled to take over private administration of the debtor's estate in accordance with the other legislation pertaining to the administration of estates.

In such case, the rules in sections 18 and 39 apply correspondingly to the inheritors; however, the administrator in bankruptcy may make an exception to the obligation to attend meetings.

The rules in paragraphs 1 and 2 apply correspondingly to the debtor's spouse if he or she is entitled pursuant to the legislation pertaining to the administration of estates to retain undivided possession of the estate and sends notification to the court that he or she will take advantage of his/her right on the condition that the voluntary arrangement will be brought into effect. As stated in Section 16 of the Inheritance Act, a statement is issued in that case by the court when there is a final confirmation order.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Chapter XV Conclusion, division of assets and payment.

The heading was amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).

Section 127. *Provisional division of assets.*

When all claims that are assumed to be preferential and that are submitted by the expiration of the deadline for submission of claims are reviewed, division of assets shall occur for these claims as soon as the estate has sufficient funds to pay them in full. Preferential claims (first class); cf. Section 9-3 of the Satisfaction of Claims Act, may be paid nonetheless without division of assets when there is clearly coverage for the claims.

When the deadline for submission of claims has expired and all of the claims that are to be reviewed have been reviewed, the court may decide at the administrator in bankruptcy's request that one or more provisional divisions of assets to the other creditors shall occur as the estate receives the necessary funds.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 128. *Conclusion of the estate and final division of assets. Right to make corrections.*

As soon as the estate's assets have been realised, its claims have been collected, all disputes about how its funds shall be divided have been decided and its audited accounts have been approved, the court shall bring the administration of the estate to a close. The creditors who have raised objections to the decision to bring the administration of the estate to a close, cf. Section 122, paragraph 2, shall be informed of this decision. After the administration of the estate has been brought to a close, the administrator in bankruptcy shall undertake the final division of assets as soon as possible.

In cases where there are special circumstances, the administration of the estate may be brought to a close and the final division of assets may be undertaken even though certain questions concerning the estate's assets and liabilities have not yet been resolved.

If the amount that would devolve upon a creditor is disproportionately small relative to the expenses and efforts involved in the division and distribution of assets, the court may decide that the claim shall be excluded from consideration during the division of assets or that payment shall be omitted. The Ministry may issue regulations with specific provisions concerning the application of this provision.

The division of assets is sent to all creditors with approved claims. These creditors shall at the same time be informed of their right to appeal pursuant to Section 130.

If the administrator in bankruptcy becomes aware of an error in the division of assets prior to the expiry of the appeal deadline, necessary corrections may be undertaken if it does not necessitate any repayment. Those who are put in a less favourable position as a result of the correction shall be informed; as far as they are concerned, the term of appeal runs from the date when the information was sent.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 129. *Supplementary distribution.*

If, after the final division of assets has been carried out, funds are received that fall to the estate, those funds shall be divided among the creditors by supplementary distribution.

Section 130. *Appeal to the District Court.*

The administrator in bankruptcy's division of assets may be appealed to the District Court by the creditors who have had their claims approved. The deadline for appeal is one month, calculated from the date when the information about the

division of assets was issued by the administrator in bankruptcy. The appeal must be in writing and substantiated. Before the court makes a decision, the administrator in bankruptcy shall be given an opportunity to give a statement. The court makes its decision by an order.

If the court finds fully or partially in favour of the appellant, it will undertake a new division of assets as soon as possible. In connection with this, the administrator in bankruptcy may be requested to prepare a proposal for a new division of assets. The creditors who receive a lesser amount than that which was specified in the administrator in bankruptcy's division of assets shall be informed about the new division of assets.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 February 2008).

Section 131. (Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).)

Section 132. *Payment.*

The administrator in bankruptcy pays a dividend as soon as the term of appeal has expired and any appeals that may have been submitted have been finally decided.

If a division of assets is challenged or appealed against, the court may decide that payment shall occur insofar as it is assumed that the division of assets would not be affected by the challenge or appeal.

When payment has been made, the administrator in bankruptcy shall send the list of payments to the court together with documentation for and confirmation from the estate auditor (or the party who shall audit the estate instead, cf. Section 90, paragraph 4) that payment has occurred in accordance with the list.

The court may permit payment of the dividend of preferential claims to be made in advance even if the term of appeal has not expired or the division of assets was undertaken insofar as this is deemed justifiable according to the position of the estate.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 133. *Disputed and contingent claims and claims submitted too late during division of assets.*

If an objection to a submitted claim has been put forward, the dividend that falls to the claim through a division of assets will be deposited in a bank in a holding account until the issue regarding approval of the claim has been finally decided. If the claim is approved, interest accrued in the account will go to the creditors.

The rules in paragraph 1 apply correspondingly to claims that are dependent on a condition that has not yet occurred.

In the event of a provisional division of assets, the claims that have not yet been reviewed are not included. In the first division of assets after the claims have been

reviewed, a dividend shall be awarded in advance that is as large as the one that was previously distributed, provided that there are sufficient funds.

Claims that are submitted after the estate has been brought to a close are not included in the division of assets.

Section 134. *Creditor whose residence is unknown.*

When a creditor's place of residence is unknown, the amount that falls to the creditor according to the division of assets shall be deposited in a bank in a holding account that the court has at its disposal. Accrued interest in the account will go to the creditor. Amounts that are not paid within 10 years after the administration in bankruptcy is finally concluded will go to the Treasury.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Chapter XVI. Conclusion of bankruptcy.

Section 135. *Cancellation of the administration in bankruptcy because the estate's assets cannot cover the expenses.*

If the administrator in bankruptcy finds that the estate's funds, including funds that the estate receives in accordance with the statutory lien pursuant to Section 6-4 of the Mortgage Act, are insufficient to cover the expenses entailed in its continued processing, the administrator in bankruptcy shall consider contacting creditors or affected public authorities with the aim of persuading them to provide security for the expenses of a continued administration in bankruptcy. If the administrator in bankruptcy does not find any grounds for making such contact, or if no security is provided, the administrator in bankruptcy shall submit a recommendation to the court announcing that the administration in bankruptcy shall be terminated. This recommendation may be included in the administrator in bankruptcy's final report, cf. Section 122.

If the debtor's accounting materials have not been secured or if the debtor's business conduct has not been reviewed, it shall be specially noted in the recommendation why this has not occurred. It shall also be noted whether there are assumed to be any criminal offences in connection with the debtor's financial activities and to what extent investigations have been conducted in connection with that.

On the basis of the administrator in bankruptcy's recommendation, the court may decide that the administration in bankruptcy shall be terminated or that notice shall be sent out of a creditors' meeting to discuss the question of whether or not to terminate the administration in bankruptcy. If security has not been provided for the expenses in accordance with promises given in this creditors' meeting, the administration in bankruptcy shall be terminated unless the court allows a limited postponement. Before the court terminates the administration in bankruptcy, audited accounts must be approved.

Termination of the administration in bankruptcy is carried out by an order. The order is communicated to the creditors who have raised an objection to the termination of the administration in bankruptcy; cf. Section 122, paragraph 2.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 18 of 23 Apr. 2004 (entered into force on 1 July 2005 pursuant to Decree no. 1665 of 17 Dec. 2004).

Section 136. *Return of the estate to the debtor.*

After the expiration of the deadline for submission of claims, the administration in bankruptcy shall be terminated by order when:

1) Written consent that the estate may be returned to the debtor has been given by all creditors who have proven claims on the estate, with the exception of creditors whose claims have been secured or will be secured by an adequate guarantee, lien or other equivalent security interest, or
2) Confirmation is submitted that all claims that are mentioned in sub-section 1 have been covered.

If the estate's cash balance is insufficient to cover the cost of liquidation, an order shall only be made if adequate security is provided to pay for the insufficient amount of funds if the estate is returned. When the order to return the estate has become legally binding, the administrator in bankruptcy shall pay the cost of liquidation or, if the claims are disputed, deposit the necessary amount to cover them in a bank, where Section 46, paragraph 2 will apply correspondingly.

Announcement that the administration in bankruptcy has been terminated shall be published on the Brønnøysund Register Centre's public announcement website.

Amended by Act no. 4 of 27 Jan. 2006 (entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006), Act no. 41 of 14 Jun. 2013 (entered into force on 1 Jul. 2013 pursuant to Decree no. 638 of 14 Jun. 2013).

Section 137. *Final conclusion of the administration in bankruptcy.*

The administration in bankruptcy is regarded as finally closed when an order to terminate pursuant to sections 125, 135 or 136 or final division of assets pursuant to Section 128 has become final.

Section 138. *Deletion of previous reports, etc.*

When the bankruptcy proceedings are finally closed, the court shall ensure that this is noted in the Register of Bankruptcies. If the bankruptcy proceedings are finally closed with a final division of assets pursuant to Section 128, it is still the administrator in bankruptcy who shall take care of this kind of notice. Unless the court decides to do so on its own initiative, the administrator in charge of the Register of Bankruptcies shall ensure that notification that is given pursuant to Section 79, paragraph 2, sub-section 3 and paragraph 4 is deleted. Furthermore, the administrator in charge of the Register of Bankruptcies shall submit notification of the closing of bankruptcy proceedings in accordance with Section 14 -2 paragraph 1, sentence 2 of the Value Added Tax Act.

The administrator in charge of the Register of Bankruptcies shall ensure that the final administration in bankruptcy is reported to the registers as stated in Section 79, paragraph 2, sub-sections 1, 2, 4 and 5. Information shall be provided about the basis on which the administration in bankruptcy has been terminated. If the debtor is a foundation or an association with limited liability and if the administration in bankruptcy has been finally concluded pursuant to sections 128 and 135, the

administrator in charge of the Register of Bankruptcies shall at the same time request the deletion of the association in the Central Coordinating Register for Legal Entities and in the Register of Business Enterprises.

Amended by Act no. 78 of 21 June 1985, Act no. 34 of 19 March 1993, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 18 of 23 Apr. 2004 (paragraph 1 entered into force on 1 Jan. 2005 pursuant to Decree no. 1665 of 17 Dec. 2004, paragraph 2 entered into force on 31 Dec. 2006 pursuant to Decree no. 1426 of 15 Dec. 2006), Act no. 10 of 18 Feb. 2005 (entered into force on 1 Jan. 2007 pursuant to Decree no. 148 of 18 Feb. 2005), which was amended by Act no. 52 of 30 June 2006, Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008), which was amended by Act no. 52 of 30 June 2006, Act no. 58 of 19 June 2009 (entered into force on 1 Jan. 2010 pursuant to Decree no. 1347 on 6 Nov. 2009).

Section 139. *Continuation of the administration in bankruptcy.*

The court may decide by order that a concluded administration in bankruptcy shall continue when it is found that claims or assets that should have been included in the estate have been excluded from the administration in bankruptcy through no fault of the parties concerned with the estate. Unless otherwise decided by the court, the continuation of the administration in bankruptcy has no other effect on the debtor than those that are necessary in order for the estate to be able to assert its rights. The court decides whether and in such case to what extent the continuation of the administration in bankruptcy shall be announced.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Chapter XVII. Special rules for certain estates in bankruptcy.

Section 140. *Bankruptcy proceedings for the estate of a deceased person.*

Bankruptcy proceedings may commence pursuant to the rules in this Act concerning the estate of a deceased person when the deceased's liabilities have not been taken over by a surviving spouse or by the estate inheritors.

However, bankruptcy shall not commence when the spouse or the inheritors state that they intend to submit a debt settlement proposal, and the court finds that there are good prospects that the proposal will be approved and confirmed.

If a notice to creditors is issued before bankruptcy proceedings commence, information about this shall be included in the announcement of the commencement of bankruptcy proceedings and be entered instead of the request stated in Section 78, paragraph 1, sub-section 4. It is not necessary to send the announcement to the creditors.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 on 30 Aug. 2002).

Section 141. (Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999).)

Chapter XVIII. Rules that prevent bankruptcy debtors, etc. from conducting business activities in the form of a company.

This heading was added by Act no. 52 of 7 June 1985.

Section 142. *Terms for disqualification from operating a business.*

A debtor whose estate has been brought into bankruptcy proceedings may be disqualified from operating a business by the District Court if:

1) The person concerned, on reasonable grounds, is suspected of a criminal act in connection with the bankruptcy or the activity that has resulted in the insolvency, or
2) It must be assumed that, due to indefensible business conduct, the party in question is unfit to found a new company or be a board member or General Manager (Managing Director) of this type of company.

In making this decision, emphasis shall be given to whether it seems reasonable to disqualify him/her from business, taking into consideration the debtor's conduct and other factors.

Disqualification from business entails that the debtor may not found a company as stated in paragraph 5 or assume or in actuality hold any posts as a member or deputy member of the board of directors or as a General Manager (Managing Director) of such a company for a period of two years, calculated from the date when bankruptcy proceedings commenced. The court may decide that the two-year disqualification period shall first be calculated from the date when the court makes its decision.

In cases such as those stated in paragraph 1, the court may decide that the disqualification from business shall also entail that the debtor shall be removed for the above stated period of time from posts stated in paragraph 3 in companies such as those mentioned in paragraph 5.

Companies stated in paragraphs 3 and 4 include limited companies, public limited companies, commercial branches of foreign companies, foundations operating a business enterprise, cooperative building and housing associations, housing cooperatives, cooperative societies, mutual insurance companies and state-owned enterprises.

The rules pertaining to disqualification from business apply correspondingly to those who during the last two years before the commencement of bankruptcy proceedings on the company's estate:

1) Have been fully liable participants in a general partnership or a limited partnership company, or
2) Have formally or in actuality held a post as a member or deputy member of the board of directors or as a General Manager (Managing Director) of a company as stated in paragraph 5.

Amended by Act no. 83 of 21 June 1985, Act no. 8 of 30 March 1990, Act no. 71 of 30 Aug. 1991, Act no. 51 of 5 June 1992, Act no. 59 of 4 Nov. 1994, Act no. 67 of 22 Nov. 1996 (entered into force on 1 Dec. 1996), Act no. 44 of 13 June 1997 (entered into force on 1 Jan. 1999), Act no. 42 of 18 June 1999 (entered into force on 22 June 1999), Act no. 43 of 21 June 2002 (entered into force on 1 July 2002 pursuant to Decree no. 569 of 21 June 2002), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 81 of 29 June 2007 (entered into force on 1 Jan. 2008 pursuant to Decree no. 1287 of 23 Nov. 2007).

Section 143. *Decision concerning disqualification from business. Lapse or extension of the disqualification.*

A decision concerning disqualification from business is made by order by the District Court that handles the estate in bankruptcy or that has handled it.

The estate and the prosecuting authorities are entitled to be parties. In response to a petition from the prosecuting authorities, the court may decide that the effects of the order shall be extended until a final judgment exists in a criminal case where the prosecuting authorities have petitioned or are considering submitting a petition concerning loss of rights pursuant to Section 56 of the Norwegian Penal Code.

The order will be effective from the date when it is handed down. An appeal may be given suspensive effect by the court that has had its order appealed or by the appellate court.

The order may be fully or partially reversed in response to a petition from a party if new information has been discovered.

The effects of the order will lapse if the estate is returned to the debtor after the commencement of bankruptcy proceedings pursuant to Section 136 or if the debtor achieves a compulsory debt settlement.

Amended by Act no. 8 of 30 March 1990, Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007, Act no. 65 of 19 Jun. 2015 (entered into force on 1 Oct. 2015).

Section 143a. *Penal provisions.*

A party who wilfully or negligently acts in conflict with an order pursuant to Section 143 will be punished with fines or imprisonment of up to four months. Aiding and abetting the above shall be subject to the same penalty.

Amended by Act no. 8 of 30 March 1990, Act no. 34 of 19 March 1993 (entered into force on 1 June 1993, formerly Section 144), Act no. 65 of 19 Jun. 2015 (entered into force on 1 Oct. 2015).

Chapter XIX. Registration in the Register of Bankruptcies.

Added by Act no. 34 of 19 March 1993.

Section 144. *Registration in the Register of Bankruptcies.*

Each and every estate in bankruptcy and estate that pursuant to other legislation shall be compulsorily liquidated pursuant to the rules of the Bankruptcy Act shall be registered in a central register (the Register of Bankruptcies) with a separate organisation number. Founders, the general manager and persons who hold or have held a post in a business enterprise, an association or a foundation that is bankrupt or is undergoing compulsory liquidation may also be registered. The same applies to owners of this kind of business enterprise or association who have an ownership interest of 20 per cent or more, or who have had such an ownership interest more recently than five years prior to the commencement of the administration in bankruptcy. Information from the administrator in bankruptcy's reports may also be registered, with the exception of information concerning suspicion of criminal offences. The Ministry will provide a more detailed provision about the content of the register.

Persons who have been disqualified from business shall also be registered in the Register of Bankruptcies.

Information that is registered in the Register of Mortgaged Movable Property, the Register of Business Enterprises, the Central Coordinating Register for Legal Entities and the Register of Company Accounts may be submitted to the Register of Bankruptcies according to further provisions specified by the Ministry.

The Ministry decides what information shall be included in transcripts from the register and sets applicable fees.

Amended by Act no. 34 of 19 March 1993, Act no. 83 of 11 June 1993, Act no. 44 of 13 June 1997 (entered into force on 1 Jan. 1999), Act no. 4 of 27 Jan. 2006 (entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Part 3. Common rules for debt settlement and bankruptcy proceedings.

Section 145. *The District Court's legal jurisdiction.*

It falls within the District Court's jurisdiction to make decisions regarding:

1) Matters involving the opening and termination of debt settlement proceedings and other matters involving debt settlement proceedings that the law has delegated to it;
2) All matters that apply to the opening and implementation of public debt settlement proceedings and bankruptcy proceedings.

It falls within the jurisdiction of the District Court that has processed a petition in accordance with sub-sections 1 or 2 to make decisions regarding:

3) Any dispute concerning whether notified claims against the bankrupt party shall be approved and about the scope and priority;
4) Any dispute about whether a claim concerns debt settlement proceedings, provided that the debt settlement committee has given its consent that the District Court shall decide the dispute.

The District Court may also decide matters involving setting aside a debtor's preference that do not come under the jurisdiction of another court pursuant to a mandatory rule of jurisdiction.

The administrator in bankruptcy, or administrators if a creditors' committee has been appointed, may agree with the consent of the District Court that a dispute as mentioned in paragraph 1, sub-section 3 shall be decided by civil action in another competent court, pursuant to the normal rules of jurisdiction or by arbitration. In such case, the provisions in Section 154 apply correspondingly. Moreover, another legal venue may not be agreed upon in the cases mentioned in paragraph 1.

Other claims against an estate in bankruptcy may be brought before the District Court pursuant to the rules in this Act when they do not come under the jurisdiction of another court pursuant to a mandatory rule of jurisdiction or must be processed pursuant to other procedural rules.

The debtor may bring his/her claims pursuant to Section 76 before the District Court pursuant to this Act or through an ordinary civil action pursuant to the rules of the Dispute Act.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 98 of 14 Dec. 2001 (entered into force on 1 Jan. 2002 pursuant to Decree no. 1416 of 14 Dec. 2001), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 146. *The District Court's territorial jurisdiction.*

If the debtor's activities are registered in the Register of Business Enterprises, the processing comes under the jurisdiction of the District Court in the judicial district where the debtor has his/her main place of business. In other cases, the processing comes under the jurisdiction of the District Court in the judicial district where the debtor has his/her common domicile. Bankruptcy proceedings involving a deceased's estate always come under the jurisdiction of the District Court that processes the deceased's estate.

In response to a request from a petitioner, the debt settlement committee, the administrators or on its own initiative, the District Court that has jurisdiction pursuant to the rules in paragraph 1 may decide that the processing shall be transferred to another District Court that consents to the transfer. If consent is not granted, the Appeal Committee of the Supreme Court may decide that the transfer shall take place when special grounds make it so desirable.

Amended by Act no. 78 of 21 June 1985, Act no. 8 of 30 March 1990, Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 147. *Dismissal due to unintentional errors.*

If a petition pertaining to debt settlement proceedings, public debt settlement proceedings or bankruptcy proceedings is dismissed because of unintentional errors, but is resubmitted within three weeks after the order was served to the party in question, the substantive legal consequences are calculated starting from the date when the first petition was submitted.

Section 148. *Impartiality.*

The debtor or the party who is related to him as stated in Section 106, sub-sections 2-6 of the Act relating to the courts of justice may not be a judge in a case pursuant to this Act. Section 109 of the Act relating to the courts of justice applies correspondingly.

It is also not permissible for anyone to be a judge when there are other special circumstances that are likely to undermine faith in the judge's impartiality. This applies in particular when the debtor or a creditor demands that the judge shall withdraw from the case.

When considering legal disputes, the judge is legally incompetent to the same extent as in civil actions.

For witnesses in court proceedings, court recorders and process-servers, the rules in Section 110 of the Act relating to the courts of justice apply; however, in such a way that they will not be legally incompetent to a greater extent than pursuant to the rules that apply to judges pursuant to paragraphs 1-3 in this Section. The rules in sentence 1 apply correspondingly to the party who performs the official sealing and registration of assets for the District Court.

Sections 111-121 of the Act relating to the courts of justice apply correspondingly.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 149. *General rules concerning the District Court's administrative procedures, etc.*

The provisions of parts 1, 4, 5 and 6, Chapter 8, and sections 9-6, 9-11 and 9-16 of the Dispute Act apply correspondingly to the extent they are applicable, and nothing otherwise has been decided. With regard to the duty of witnesses and experts to attend, the same rules apply as in the main hearing in civil disputes.

With regard to the right to act as counsel during debt settlement proceedings and bankruptcy proceedings, Section 3-3, paragraphs 1 to 4 of the Dispute Act apply. Moreover, a licensed debt collector at a collection agency that conducts debt collection pursuant to a debt collection licence pursuant to the Debt Collection Act may be a counsel pursuant to the same rules as attorneys for a creditor are subject in debt collection assignments that the collection agency is undertaking for the creditor. In a petition for bankruptcy, in the consideration of disputes in general procedure pursuant to the Dispute Act and in an appeal, Section 3-3, paragraphs 1-3 of the Dispute Act apply.

In bankruptcy proceedings, the court may decide to take evidence in special cases pursuant to Chapter 27 of the Dispute Act for clarification of the estate's rights or obligations. The court decides who shall be notified about this kind of deposition.

Before a dispute is decided, the court shall insofar as possible give the parties an opportunity to make a verbal or written statement.

During bankruptcy proceedings, the service of process to a creditor may go to the party who has submitted the claim or who has acted as the creditor's counsel in the review of the claim.

The creditors' meetings are court hearings.

Amended by Act no. 44 of 4 July 1991 and Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 150. *The District Court's decisions.*

In addition to the cases that are decided by the Courts of Justice Act and the Dispute Act, the District Court's decisions are orders when this Act so defines them or when they decide civil litigation that shall not be decided by judgment.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 151. *The effect of decisions that are made during the proceedings.*

When nothing else has been decided by law, the court decides whether the ongoing debt settlement proceedings or bankruptcy proceedings shall be based on a decision that it has made before it has become legally binding.

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 152. *Which legal remedies can be utilised.*

Orders that decide a dispute concerning the handing over or coverage of funds that come under the proceedings in the District Court, and judgments such as those mentioned in Section 76, paragraph 3 are subject to appeal pursuant to the rules concerning the appeal of orders. After the parties have had an opportunity to comment, the court may decide that the appeal of an order in a dispute over proven claims shall be dealt with pursuant to the rules concerning appeal of orders.

With regard to orders that commence bankruptcy proceedings, reopening may be required pursuant to the rules for judgments in Chapter 31 of the Dispute Act.

Amended by Act no. 8 of 30 March 1990, Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007 and Act no. 127 of 21 Dec. 2007.

Section 153. *Deadlines for legal remedies.*

The deadline for appeal is one month, unless otherwise specified in sections 4, paragraph 3, 54, paragraph 2 and 124, paragraph 1.

The deadlines for appeal against a decision that shall not be served or communicated to the person in question are calculated from the day that the decision was made. If the decision is communicated to the person in question, the deadline is calculated from the day the information was sent. For divisions of assets, the deadline is calculated from the date of division of assets. For appeal against orders as stated in section 52, paragraph 2 and section 125, paragraph 1, the deadline is calculated from the date when the order is handed down.

After confirmation of a compulsory debt settlement or final division of assets has become final, a rehearing concerning negligence during the administration in bankruptcy may not be granted nor may reopening be demanded.

Amended by Act no. 8 of 30 March 1990, Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 34 of 28 Apr. 2000 (entered into force on 1 July 2000 pursuant to Decree no. 366 of 28 Apr. 2000), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 154. *Hearing of disputes in general procedure*

A dispute that falls within the jurisdiction of the District Court pursuant to this Act may be heard in general procedure if this form of hearing is deemed to be the most expedient due to the nature of the legal issue or the information that is required, and if the court gives its consent.

Under the same terms and conditions, the court may refer the dispute to this type of hearing.

Before the court gives its consent or decides to refer the matter, it shall give the parties an opportunity to comment.

If a dispute is to be heard in general procedure, the court specifies who shall bring the civil action and the deadline applicable.

There will be no mediation in the conciliation board. Otherwise, the rules for general procedure apply unless otherwise specified by the provisions in this Act.

The court may decide on its own initiative to facilitate the processing of the estate without giving any consideration to the dispute if a civil action is not brought within the deadline that has been set or if the settlement of the civil action becomes unduly delayed due to an error by the party who has brought it.

The court's decisions pursuant to this Section are not subject to appeal.

Amended by Act no. 98 of 14 Dec. 2001 (entered into force on 1 Jan. 2002 pursuant to Decree no. 1416 of 14 Dec. 2001), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 155. *The debtor's arbitration agreements*

Section 16 -16, sub-section 1 c) of the Dispute Act applies correspondingly in cases where the debtor is a party to an arbitration case in Norway that had started before the commencement of bankruptcy proceedings. If the case concerns claims against the debtor, the estate may be brought in as a party if the claim is made against the estate. In addition, the debtor's agreements concerning arbitration are not binding in cases such as those mentioned in Section 145, paragraph 1 unless otherwise specified by an agreement with a foreign state.

Amended by Act no. 90 of 17 June 2005 (entered into force on 1 Jan. 2008 pursuant to Decree no. 88 of 26 Jan. 2007), which was amended by Act no. 3 of 26 Jan. 2007.

Section 156. *Simplified information to the creditors, electronic communication, etc.*

The court may decide that required information shall be presented in a manner other than that which was specified, that information shall only be provided to creditors whose outstanding claims have been given priority or exceed a certain amount, or that the provision of information shall be completely omitted if the expense of utilising the required procedure will be grossly out of proportion to the size of the claims or the coverage they can be expected to receive. A decision pursuant to this Section shall be communicated insofar as it is possible to all parties who will be affected by the decision unless neglecting to provide this kind of information seems clearly unjustifiable.

Communication that shall be made in writing pursuant to the Act may be communicated electronically if the sender and receiver have made appropriate arrangements and the recipient has accepted it. The same applies when the Act specifies that information shall be sent, reported or shared or that notification or information shall be given. For communication with the court, Section 197 a of the Courts of Justice Act shall apply.

Documents and information that apply to an estate in bankruptcy can also be made electronically available on separate websites for estates that are operated by the Brønnøysund Register Centre. The administrator in charge of the Register of Bankruptcies shall ensure that all information that is available about the estate in the Register of Bankruptcies shall be made available on the website for estates without delay. Only the administrator in bankruptcy and the administrator in charge of the Register of Bankruptcies may enter information on the website for estates. The

information on the website for estates shall not be made available to parties other than those who are entitled to receive it according to law or pursuant to law.

The King may issue further rules concerning electronic communication pursuant to this Act and about the electronic websites for estates, including rules concerning signing, authentication, integrity and confidentiality and rules that stipulate requirements for products, services and standards that are necessary for this kind of communication.

The King may issue rules in regulations concerning limited access to information that is electronically available, about the deletion of information from the websites for estates and about the duties of the administrator in bankruptcy and the administrator in charge of the Register of Bankruptcies. The King may also issue rules in regulations concerning exemptions from licensing requirements, cf. Section 33 of Act no. 31 of 14 April 2000 relating to the processing of personal data.

The King may issue regulations with further provisions about the implementation of the announcement, including the information that shall be announced when the announcement shall be made in an abbreviated form and about deletion of electronically stored announcements

Amended by Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002), Act no. 4 of 27 Jan. 2006 (paragraph 6 entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006, paragraphs 1 to 5 entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 156a. *Subscription agreements*

The administrator in charge of the Register of Bankruptcies shall offer a subscription service for information that pursuant to this Act shall be announced on the Brønnøysund Register Centre's public announcement website. The King may issue further rules in regulations concerning this service, including the types of subscription that are to be offered, technical requirements for subscribers and financing. The King may also issue rules in regulations concerning whether creditors and public authorities shall be able to subscribe to information from electronic websites for estates at the Brønnøysund Register Centre.

Added by Act no. 4 of 27 Jan. 2006 (sentences 1 and 2 entered into force on 1 Feb. 2006 pursuant to Decree no. 74 of 27 Jan. 2006, sentence 3 entered into force on 1 March 2008 pursuant to Decree no. 137 of 15 Feb. 2008).

Section 157. *Remuneration to the debt settlement committee's members, the administrator in bankruptcy and the creditors' committee's members.*

When debt settlement proceedings shall be terminated or closed, the debt settlement committee shall submit a proposal to the District Court for remuneration to the debt settlement committee's members. When a bankruptcy proceeding shall be closed, the administrator in bankruptcy, or the administrators if a creditors' committee has been appointed, shall submit a proposal to the court for remuneration to the administrator in bankruptcy and the creditors' committee's members. In connection with the proposal, information shall be provided about the commissions, debt collection fees and other possible remuneration that the above stated persons have received in connection with the administration in bankruptcy.

The proposal shall be submitted to the debtor for comment. In bankruptcy proceedings, the proposal shall be submitted to the creditors for comment in connection with sending out the closing accounts for the estate, cf. Section 122. The

proposal shall also be submitted to the creditors during the termination of debt settlement proceedings pursuant to Section 57.

The court then sets the remuneration by order. The chair of the debt settlement committee or the administrator in bankruptcy shall immediately inform the debtor about the remuneration that will be set.

If a member of the debt settlement committee, the administrator in bankruptcy or a member of the creditors' committee has been guilty of negligence in the performance of his/her duties, consideration shall be given to this when setting the remuneration of the person in question by awarding reduced remuneration or by completely refusing remuneration. Before such a decision is made, the person in question shall be given an opportunity to comment on the matter.

For an estate in bankruptcy, advance compensation may only be given with the consent of the court.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 158. *Remuneration to the auditor.*

When an auditor has completed his/her work, the auditor shall submit a proposal to the District Court for the remuneration to which the person in question is entitled. This proposal shall be submitted for comment to the debt settlement committee or the administrator in bankruptcy or administrators respectively if a creditors' committee has been established. Section 157, paragraphs 2 to 5 apply correspondingly.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 159. *Remuneration to expert assistants and supervisory authorities.*

Remuneration to expert assistants and supervisory authorities shall be set by agreement. If agreement is not reached, the court sets the remuneration by order.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 67 of 30 Aug. 2002 (entered into force on 1 Jan. 2003 pursuant to Decree no. 938 of 30 Aug. 2002).

Section 160. *Duty of non-disclosure.*

Insofar as it is in accordance with the administration in bankruptcy, members of the debt settlement committee, the administrator in bankruptcy, members of the creditors' committee, the auditor, assistants and supervisory authorities together with their staff or assistants shall maintain confidentiality about any knowledge about the debtor's personal affairs that they have acquired while performing their duties. They shall also maintain confidentiality about any knowledge they have acquired about the personal affairs of others, to the same extent that the debtor would have had a duty of non-disclosure about this pursuant to the law.

Violation of this duty of non-disclosure will be punished as specified in Section 209 of the Norwegian Penal Code.

Amended by Act no. 72 of 3 Sept. 1999 (entered into force on 1 Jan. 2000 pursuant to Decree no. 983 of 3 Sept. 1999), Act no. 65 of 19 Jun. 2015 (entered into force on 1 Oct. 2015).

Section 161. *Agreements with foreign states concerning debt settlement and bankruptcy proceedings.*

In an agreement with a foreign state, it may be agreed that:

1) Debt settlement proceedings or voluntary arrangements that are opened in one of the states may prevent the opening of debt settlement proceedings or voluntary arrangements or the commencement of bankruptcy proceedings and limit right to legal enforcement of claim in the other state and that approved debt settlement and a final, confirmed voluntary arrangement, including voluntary arrangement during bankruptcy, shall also have a binding effect in the other state.
2) Bankruptcy proceedings that have commenced in one of the states may prevent the opening of debt settlement proceedings or a voluntary arrangement or the commencement of bankruptcy proceedings in the other state, may prevent the bankruptcy proceedings from having a direct effect on the debtor's assets in the other state, and may prevent a final division of assets or supplementary distribution from also having a binding effect in the other state.

In the agreement, further provisions may be specified concerning the rules of law of the states that shall apply to the questions that arise during the administration in bankruptcy, and in connection with this, the adaptations of this Act that are necessary will be undertaken.

Section 162. *Supplementary regulations.*

The King may issue regulations for the implementation and fulfilment of the provisions in this Act and in accordance with Section 161.

The database was last updated on 13 Nov. 2015.