

Getting Credit - Legal Rights Questionnaire – Lao PDR

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Dear Contributor ,

We would like to thank you for your participation in the *Doing Business* project. Your expertise in the field of Getting Credit – Legal Rights in Lao PDR is essential to the success of the *Doing Business* report, one of the flagship publications of the World Bank Group that benchmarks business regulations in 190 economies worldwide. The Getting Credit – Legal Rights indicator, which measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders, is one of the 11 indicator sets published by the *Doing Business* report.

The report attracts much attention around the world. The latest edition, *Doing Business 2018: Reforming to Create Jobs*, was the 15th in a series of annual reports measuring the regulations that enhance business activity and those that constrain it. It received over 10,000 media citations within just a week of its publication on October 31, 2017. Within that same period the *Doing Business* website was viewed over a million times and the report was downloaded over 15,000 times. One hundred and nineteen economies implemented a total of 264 reforms easing the process of doing business. Europe and Central Asia continues to be the region with the highest share of economies reforming – i.e. 79%, followed by South Asia and Sub-Saharan Africa.

Governments worldwide read the report with interest every year, and your contribution makes it possible for the *Doing Business* project to disseminate the regulatory best practices that continue to inspire their regulatory reform efforts. In 2016/17, 18 economies made reforms improving the strength of legal rights of borrowers and lenders.

We are honored to be able to count on your expertise for *Doing Business 2019*. Please do the following in completing the questionnaire:

1. Review the assumptions of the case study before updating last year's information in the questionnaire.
2. Describe in detail any reform that has affected the areas of Getting Credit – Legal Rights since June 1, 2017.
3. Be sure to update your name and address if necessary, so that we can mail you a complimentary copy of the report.
4. Kindly return the questionnaire to dbcrcditlegalrights@worldbank.org.

We thank you again for your invaluable contribution to the work of the World Bank Group.

Sincerely,

Nadine Abi Chakra
Tel: (202) 458-9096
Fax: (202) 473-5758
Email: nabichakra@worldbank.org

Maika Chiquier
Tel: (202) 473-2324
Fax: (202) 473-5758
Email: mchiquier@ifc.org

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The Getting Credit - Legal Rights indicator measures the legal framework for secured transactions by examining whether collateral and bankruptcy laws for movable assets facilitate lending.

Section 1. Reform Updates

a. Have there been any reforms or amendments of secured transactions law(s) or regulations in your economy between June 1, 2017 and now? (Please describe in detail, including the date of adoption, the date of official publication in the official gazette if this is required, and the date of entry into force. We would greatly appreciate it if you could also send us an electronic copy of the law.)

b. Are you aware of any plans to change the secured transactions and insolvency law(s) by May 1, 2018, or in the near future? (Please describe in detail, providing dates when possible.)

Section 2. Secured Transactions System

Integrated and functional approach to secured transactions

(Secured transactions are here understood as all transactions that create a right in any type of asset meant to secure the performance of an obligation. For the purposes of our study, the focus is on non-possessory security interests, fiduciary transfer of title, financial leases, assignment of receivables, and sales with reservation of title.

1. FIDUCIARY TRANSFER OF TITLE

Fiduciary transfer of title means a transfer of ownership for security purposes until the debt is extinguished. The debtor may retain possession of the assets. *Example: Company/individual "A" transfers the title of machine "B" to bank "C" as security for the loan and expects to retrieve ownership following payment of the debt.*

1.1 Is there a regulation that covers fiduciary transfer of title? If yes, please provide the name.

Last year: The Secured Transaction Law (2005) and its Implementing Decree (2011) ; as well as general provisions under the Contract and Tort Law

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1.2 Do fiduciary transfers of title have to be registered to be enforceable against third parties? If yes, please specify the name of the registry.

Last year: Registration is done at the Notary office to make it enforceable and accepted at court. Notary office at ministry of justice. Then we register it with the state assets management department. For any agreement that relates to security of movable assets, we have to register online with the MOF (to obtain priority over the secured assets). According to the law, it is not clear what the result of not notarizing the transfer is. But in order to be able to use it at court, we need to notarize the contract first before going to the ministry of finance to register. Usually if the contract is not notarized, the MOF (state asset management department) will not accept to register them.

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2. FINANCIAL LEASE AGREEMENTS

Financial lease agreement means an agreement where the lessor receives payments to cover its ownership costs. *Example: Company/individual "A" agrees to lease machine "B" from company "C". The lease agreement guarantees the use of the vehicle and guarantees that "C" receives regular payments from "A" for a specified period of time. Both "A" and "C" must uphold the terms of the contract for the lease to remain valid.*

2.1 Is there a regulation that covers financial lease agreements? If yes,

Last year: The Decree on Financial Leasing , No 11/PM (1999) ; and general provisions under the Contract and Tort Law

<p>please provide the name.</p>	<p>-Click to Select-</p>
<p>2.2 Do financial leases have to be registered to be enforceable against third parties? If yes, please specify the name of the registry.</p>	<p><i>Last year: Yes, registration is done at the Notary office to make it enforceable and accepted at court. The Notary office is at the Ministry of Justice. Then we register it with the state assets management department. For any agreement that relates to security of movable assets, we have to register online with the MOF (to obtain priority over the secured assets). According to the law, it is not clear what the result of not notarizing the transfer is. But in order to be able to use it at court, we need to notarize the contract first before going to the ministry of finance to register. Usually if the contract is not notarized, the MOF (state asset management department) will not accept to register them - pursuant to the the Decree on Financial Leasing , No 11/PM (1999) and the Decree on Document Registration (1993)</i></p> <p>-Click to Select-</p>

3. ASSIGNMENT OF RECEIVABLES AND OUTRIGHT TRANSFER OF RECEIVABLES

Assignment of receivables means the creation of a security right in a receivable that secures the performance of an obligation. Although outright transfers of receivables are transfers not intended to secure an obligation, for convenience of reference the term is included in the assignment of receivables. *Example: Company/individual "A" assigns its accounts receivable "B" to lending company "C" in return for a loan. Company "C" gets the right to collect the receivables if "A" fails to repay the loan in time.*

<p>3.1 Is there a regulation that covers assignment of receivables and outright transfer of receivables? If yes, please provide the name.</p>	<p><i>Last year: The Secured Transaction Law No. 06/NA (2005) and its Implementing Decree No.178/PM (June 2011) ; as well as general provisions under the Contract and Tort Law</i></p> <p>-Click to Select-</p>
<p>3.2 Do assignments of receivables and outright transfers of receivables have to be registered to be enforceable against third parties? If yes, please specify the steps of the notification process or the name of the registry.</p>	<p><i>Last year: Yes, registration is done at the Notary office to make it enforceable and accepted at court. Notary office is at the Ministry of Justice. Then we register it with the state assets management department. For any agreement that relates to security of movable assets, we have to register online with the MOF (to obtain priority over the secured assets). According to the law, it is not clear what the result of not notarizing the transfer is. But in order to be able to use it at court, we need to notarize the contract first before going to the ministry of finance to register. Usually if the contract is not notarized, the MOF (state asset management department) will not accept to register them. This is as per the Secured Transaction Law No. 06/NA , Art. 31. (2005)</i></p> <p>-Click to Select-</p>

4. RETENTION OF TITLE SALES

Retention of title sale means the sale of goods where the title to the goods remains vested in the seller until certain obligations (usually payment of the purchase price) are fulfilled by the buyer. *Example: The title of inventory remains vested with seller "A" until the purchase price has been paid in full by buyer company/individual "B".*

<p>4.1 Is there a regulation that covers retention-of-title sales? If yes, please provide the name.</p>	<p><i>Last year: Article 41 of the Contract and Tort Law and the Secured Transaction Law No. 06/NA dated 20 May 2005, Section II</i></p> <p>-Click to Select-</p>
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4.2 Do retention-of-title sales have to be registered to be enforceable against third parties? If yes, please specify the name of the registry.

Last year: Yes, retention-of-title sales have to be registered with the Ministry of Finance

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5. INCORPORATED AND NON-INCORPORATED DEBTORS

This section of the questionnaire focuses on the **secured transactions system** as a whole in reference to both incorporated and non-incorporated entities. (Debtors that are incorporated entities are understood as separate legal entities incorporated through a registration process established through legislation. Non-incorporated entities are considered non-registered partnerships, sole proprietorships, and individuals).

Are different rules and regulations applied if the debtor is an incorporated or non-incorporated entity? If yes, please indicate which of the above functional equivalents are affected, what are the differences, and what is the legal basis.

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Section 3 Case Study Assumptions

ABC (the Debtor):

1. Is a Private Limited Liability Company. The company has 50–100 employees and is an incorporated entity.
2. Is 100% domestically owned.
3. Has its registered office and only operates in Vientiane.

BizBank (the Creditor):

- Is a commercial bank that is 100% domestically owned.

SCENARIOS

Note: Please consider Scenario A or B (as indicated) when completing Section 4 of the questionnaire.

Scenario A: Security interest in ONE CATEGORY of movable assets	Scenario B: Security interest in the company's COMBINED movable assets
<ul style="list-style-type: none"> • As collateral for a loan ABC grants BizBank a non-possessory security interest in one category of revolving movable assets, for example its accounts receivable or inventory. • ABC keeps ownership and possession of the assets. 	<ul style="list-style-type: none"> • ABC grants BizBank a business charge, enterprise charge, floating charge, or any other charge that gives a security interest over ABC's combined assets. • ABC keeps ownership and possession of the assets.

Section 4 Non-possessory Security Interests

In this section, please base your answers on non-possessory security interests in movable property – or, if these are not allowed in your economy, on fiduciary transfer-of-title arrangements.

1. SCENARIO A: SECURITY INTEREST IN ONE CATEGORY OF MOVABLE ASSETS

1.1 Security interest over only accounts receivable	
<p>a. Can ABC (the Debtor) grant BizBank (the Secured Creditor) a non-possessory security interest over only its accounts receivable or the outstanding debts owed to ABC by third parties (e.g., the amounts that ABC expects to receive from third-party buyers for goods or services that ABC sold to them)?</p>	<p><i>Last year: Yes</i></p> <p>-Click to Select-</p>
<p>b. According to the law, can the accounts receivable or outstanding debts be described in general terms both in the security agreement and when the security interest is registered, or do they need to be specified with particularity (e.g., "all accounts receivable")?</p>	<p><i>Last year: No</i> <i>No. Movable properties which are secured must be adequately described in the security agreement. (Article 18, Secured Transactions Law) The parties must agree on and specify its characteristics and the assessment of its value in the security agreement.</i></p> <p>-Click to Select-</p>
1.2. Security interest over only inventory	
<p>a. Can ABC (the Debtor) grant BizBank (the Secured Creditor) a non-possessory security interest over only its inventory?</p>	<p><i>Last year: Yes</i></p> <p>-Click to Select-</p>
<p>b. Are there any major restrictions or requirements prescribed by law when using inventory as security? (e.g., preserving the stipulated value of inventory, specifically describing the storage location, updating lists)</p>	<p><i>Last year: No</i> <i>There are no additional restrictions or requirements for such assets over those in Article 18. Note that the Law states at Article 17 that "detailed regulations on the inventory in a warehouse will be issued", but no such regulations have issue.</i></p> <p>-Click to Select-</p>
<p>c. According to the law, can the inventory be described in general terms both in the security agreement and when the security interest is registered? (e.g., "all laptop inventories" rather than "PXS laptop, serial number 3278632, metal-colored, 14-inch screen")</p>	<p><i>Last year: No</i> <i>No. Movable properties which are secured must be adequately described in the security agreement. (Article 18, Secured Transactions Law) The parties must agree on and specify its characteristics and the assessment of its value in the security agreement. We have to bring the numbers of the machines and list them for example.</i></p> <p>-Click to Select-</p>
1.3 Security interest over only tangible movable property	
<p>a. Can ABC (the Debtor) grant BizBank (the Secured Creditor) a non-possessory security interest over only its tangible movable property? (e.g., machinery, furniture, livestock, crops, etc.)</p>	<p><i>Last year: Yes</i></p> <p>-Click to Select-</p>
<p>b. According to the law, can tangible movable property be described in general terms both in the security agreement and when the security interest is registered? (e.g., "300 head of Hereford cattle" rather than "Roger Prime Blue Ribbon Hereford bull, tattoo #125, breeding registry #456")</p>	<p><i>Last year: No</i> <i>No. Movable properties which are secured must be adequately described in the security agreement. (Article 18, Secured Transactions Law) The parties must agree on and specify its characteristics and the assessment of its value in the security agreement.</i></p> <p>-Click to Select-</p>

2. SCENARIO B: SECURITY INTERESTS IN A COMBINED CATEGORY OF MOVABLE ASSETS

2.1 According to the law, can ABC (the Debtor) grant BizBank (the Secured Creditor) a security interest in a combined category of assets (e.g., a floating charge or an enterprise charge)?	<p>Last year: Yes Yes, article 11</p> <p>-Click to Select-</p>
2.2 According to the law, is there a limitation on the assets that can be included in this security interest? (e.g., collateral is accessory to a mortgage, specific description of location of movables, updating of lists of collateral upon change, limit in value)	<p>Last year: No</p> <p>Security on movable assets is a pledge, which is a guarantee of repayment of a debt by movable property, including tangible property. (Article 10, Secured Transactions Law) Security over movable assets includes 5 main types: (i) pledge of material items; (ii) pledge of documents, such as documents certifying right of ownership, share certificates, bonds; (iii) pledge of goods in a warehouse, pledge of intangible assets including shares in a company, intellectual property, bank savings accounts, contractual rights, receivables, benefits under any approval, permission or right to conduct business operations; and (iv) pledge over assets or gains from any project or activity that are guaranteed to occur in the future.</p> <p>-Click to Select-</p>
2.3 According to the law, can this collateral be described in general terms both in the security agreement and when the security interest is registered? (e.g., “all combined assets of the enterprise”)	<p>Last year: Yes</p> <p>While Article 18 of the Secured Transactions Law provides that movable property pledged must be adequately described, and both parties must agree on and specify its characteristics and the assessment of its value in the security contract, Article 11 of the Secured Transactions Law permits a pledge over future assets or gains from any project or activity. Future assets or gains are impossible to describe in specific terms. Therefore, we believe that a general description of the security, accurate as of a specific point in time, fulfills the requirement under Article 18 that movable property pledged be adequately described.</p> <p>-Click to Select-</p>

3. CAN ABC (THE DEBTOR) USE THE FOLLOWING MOVABLE ASSETS TO SECURE A LOAN?

3.1 Future assets and after acquired property as security interests

Can ABC (the Debtor) use the following movable assets to secure a loan: future assets (e.g., ABC knows that it will receive a fleet of trucks in the future and uses them as collateral) and after-acquired property (e.g., property that it has not yet acquired and that it may never acquire, or present and future inventory)?	<p>Last year: Yes</p> <p>Only future assets or gains which are certain may secure a loan. (Article 11, Secured Transactions Law) After-acquired property which are not certain to be acquired cannot secure a loan.</p> <p>-Click to Select-</p>
<h3>3.2 Automatic extension of the security interest to products, proceeds and replacements</h3>	
By law, does the security interest automatically extend to “products, proceeds and replacements” of the original collateral? Does it apply to Scenarios A and B? (e.g., if the	<p>Last year: No</p> <p>No. The Lao PDR law is silent on whether the security interest extends to the products, proceeds and replacements of the original collateral. In practice, we understand that this is permitted if the security agreement provides for such security.</p>

<p>original collateral is a pile of lumber, the products of this asset could be the wooden furniture made from it; the proceeds could be the money received from selling the furniture or the lumber; and the replacements could be another pile of lumber given in replacement after the original pile of lumber was destroyed.)</p>	<p>-Click to Select-</p>
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4. DEBTS AND OBLIGATIONS

<p>4.1 Can present and future debts and obligations be secured in Scenario A and Scenario B?</p>	<p>Last year: No Article 11 does not mention future debts and obligations. In practice present debts are used as security, but this is not provided for in the law. There are transfer of rights to collect the debt agreements. Also transfer of future debts. This is contractual and not by the law. The law is silent on all present and future debts. This is contractual</p> <p>-Click to Select-</p>
<p>4.2 Can all types of conditional, monetary and non-monetary debts and obligations be secured in Scenario A and Scenario B?</p>	<p>Last year: No The law is silent on all present and future debts. This is contractual</p> <p>-Click to Select-</p>
<p>4.3 By law, can the obligations be described in general terms in the security agreement and when the security interest is registered? If no, please indicate what the description requirements are. (e.g., "all obligations between the parties," or "obligations of a debt of up to US\$1,000,000 [as in a line of credit]; the obligations will fluctuate under that threshold without requiring a new agreement every time a new obligation is created")</p>	<p>Last year: No The law is silent on all present and future debts. This is contractual. Law firms try to be as specific as possible.</p> <p>-Click to Select-</p>

5. COLLATERAL REGISTRY

<p>5.1 General information on the collateral registry</p>	
<p>a. Please name the registry (or registries) where BizBank's security interest would be registered in Scenario A and Scenario B.</p>	<p>Last year: State Assets Management Department</p>
<p>b. Please provide the website address and phone number for the main collateral registry for movable property.</p>	<p>Last year: State Assets Management Department Registration Division Ministry of Finance 23 Singha Road, Ban Phonxay, Xaysettha District, Vientiane, Lao PDR P.O Box 46 Tel/Fax: (856 21) 263 252 Contact person: Ms. Alounny</p>
<p>5.2 Unified collateral registry</p>	
<p>a. Is the registry in operation?</p>	<p>Last year: Yes Yes, the paper based one and an electronic registry could be in operation by the end of this year</p>

	-Click to Select-
b. Must BizBank register its non-possessory security interest for the security interest to be enforceable against third parties?	<p><i>Last year: Yes</i> <i>Yes. The security agreement on movable property must be registered at the State Assets Management Department, Ministry of Finance. Registration is valid for a term of 5 years. The security agreement must be renewed at least 3 months before expiry of the registration term. Expiry or non renewal of the registration will revoke the security. Notarization at the Lao Notary Office offers additional protection as it certifies the document as "true and correct" but is not mandatory.</i></p> <p>-Click to Select-</p>
c. Is the collateral registry limited to security interests granted by certain types of borrowers or creditors? (e.g., incorporated entities, only individuals, commercial banks)	<p><i>Last year: No</i></p> <p>-Click to Select-</p>
d. Is the collateral registry (the database) either centralized geographically for the entire economy or linked among different geographic regions within the economy?	<p><i>Last year: Yes</i></p> <p>-Click to Select-</p>
e. Can everyone access the data in the registry without restriction from any geographic location in the economy? (i.e., without intermediary such as registrars, clerks, notaries... or without being limited to a certain type of users such as state agencies)	<p><i>Last year: Yes</i> <i>A written request to verify any registered encumbrances must be made to the State Asset Management Department.</i></p> <p>-Click to Select-</p>
f. Does the registry have an electronic database searchable by debtor's name or unique identifier?	<p><i>Last year: Yes</i> <i>Online</i></p> <p>-Click to Select-</p>
5.3 Notice-based collateral registry	
a. Is this a notice-based registry (i.e., no documents, such as a copy of the contract, need to be submitted and the registry does not verify the legality of the transactions)?	<p><i>Last year: Yes</i> <i>For paper-based registration, it is not a notice-based registry and documents must be presented, reviewed by the State Assets Management Department and recorded in a registry book. Under the online registration, according to the Information Guide from the Registry Office for Security Interests in Moveable Property, the registry office is an "internet notice-based system". Based on the foregoing, there is inconsistency between paper-based registration and the online registration in that the former would require a review of the agreement before being approved for registration unlike the latter.</i></p> <p>-Click to Select-</p>
b. Does the registry cover all types of security interests in movable assets (other than vehicles, ships, aircraft, or intellectual property)?	<p><i>Last year: Yes</i></p> <p>-Click to Select-</p>

5.4 Modern collateral registry	
a. Who can perform the registration? (e.g., the secured creditor, its representatives)	<i>Last year: Secured creditor, debtor or their duly authorized representatives under a notarized Power of Attorney</i>
b. When is a new registration reflected and retrievable in the database? Please provide an estimate (e.g., within 1 hour, 24 hours, 3 business days, etc.).	<i>Last year: For a new paper based registration, registration will be reflected/retrievable from the registry book upon completion of registration with the Ministry of Finance - where the registration period varies depending on the workload of the processing official. For online registration, registration is reflected and retrievable immediately upon completion of the online registration</i>
c. Does the collateral registry have an online system for registrations, amendments, renewals, cancellations, and searches of security interests?	<i>Last year: Yes Yes, the collateral registry has an online system for registrations, amendments, etc. (see http://www.strdemo.org/terms-and-conditions) But this is still coexisting with the paper based registry. -Click to Select-</i>

6. PRIORITY OF CLAIMS OUTSIDE OF INSOLVENCY OR BANKRUPTCY PROCEEDINGS

Assumption: ABC has defaulted on its loan but has not entered any kind of formal insolvency or bankruptcy procedure.	
6.1 Does BizBank have absolute priority over all other creditor claims that were never registered or that were registered afterward in both Scenarios A and B before any court proceedings are initiated (i.e., is the secured creditor with a pledge paid before any other possible creditor claim, such as labor wages or state taxes?)?	<i>Last year: No -Click to Select-</i>
6.2 If not, please provide the priority rankings of different types of creditor claims. (Please note that since the debtor is outside any insolvency or bankruptcy procedure, the relevant articles might be found in different laws, such as the labor code or tax law.)	<i>Last year: A security pursuant to the law is described under Article 4 of the Secured Transactions Law as a guarantee that secures the repayment of a debt as provided for under the law, such as the payment of wages, tax and duty payments, and other payments which ensure the interests of the nation. Article 5 describes a security pursuant to contract as an agreement to guarantee the repayment of a debt between a creditor and a debtor, or an agreement to repay a debt. Article 7 provides that the repayment of a debt by a security shall be performed according to the following order of preferential rights: (i) security pursuant to the law; and (ii) security pursuant to contract.</i>

7. PRIORITY RULES WITHIN INSOLVENCY OR BANKRUPTCY PROCEEDINGS

Assumption: ABC is now in a formal insolvency or bankruptcy procedure and creditors have been invited to file claims.	
7.1 Does BizBank's secured claim have absolute priority over the claims of all other creditors, including the state and employees, in	<i>Last year: No -Click to Select-</i>

both Scenarios A and B (i.e., is the secured creditor paid before any other possible creditors with claims)?	
7.2 Do labor claims (e.g., wages) have priority over BizBank's secured claim even if they were never registered or were registered afterward?	<p>Last year: Yes</p> <p>-Click to Select-</p>
7.3 Do state claims (e.g., taxes) have priority over BizBank's secured claim even if they were never registered or were registered afterward?	<p>Last year: Yes</p> <p>-Click to Select-</p>
7.4 Does the law provide for an actual ranking of claims during a bankruptcy procedure? If yes, please provide the rankings. (e.g., 1. bankruptcy costs; 2. labor claims; 3. tax claims; 4. secured creditors; 5. judgment claims)	<p>Last year: Yes</p> <p>(i) Labor claims/salaries; (ii) government taxes and debts; (iii) secured debts; (iv) unsecured debts</p> <p>-Click to Select-</p>

8. SECURED CREDITORS' EXEMPTION FROM AUTOMATIC STAYS IN REORGANIZATION

8.1 Judicial reorganization

a. Is a judicial reorganization procedure available, either within a general insolvency or bankruptcy procedure or as a separate process? (Please do not consider informal workouts. If there is no judicial reorganization procedure available, consider only a general insolvency or bankruptcy procedure.)	<p>Last year: Yes</p> <p>Yes, the court may advise the parties to reorganize the debtor's business or corporate structure.</p> <p>-Click to Select-</p>
b. If there is more than one reorganization procedure available, please indicate which would be the most commonly used in your jurisdiction, taking into account the assumptions of our case study.	<p>Last year: Procedure under the law. Article 27 of bankruptcy law. Article 15: The court appoints a committee: representative from court, creditors, debtor, trade union, employees, ministry of finance. Article 16: The entire committee under supervision of the court votes on the reorganization plan.</p>

8.2 Automatic stay

Are enforcement actions by secured creditors subject to an automatic stay (or an automatic suspension, moratorium, etc.) in reorganization (or in bankruptcy if a reorganization procedure is not available)?	<p>Last year: Yes</p> <p>Yes. During the rehabilitation period, the targeted enterprise shall follow the rehabilitation plan as finally approved by the relevant court. During such a period, the enterprise assets are prohibited from being removed, hidden, sold or transferred (Article 16 of the Bankruptcy Law).</p> <p>-Click to Select-</p>
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8.3 Relief from automatic stay

a. Is there a time limit prescribed by law on the automatic stay imposed on the secured claims in the reorganization procedure (or bankruptcy if reorganization is not available)? If yes, what is the time	<p>Last year: No</p> <p>No, however, the rehabilitation period shall not exceed 2 years from the date the court has decided on the rehabilitation plan.</p> <p>-Click to Select-</p>
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limit?	
b. Does the law stipulate that secured creditors may apply for a relief of the stay when the collateral is not needed for the reorganization or sale of the business as a going concern?	<p><i>Last year: Yes</i> <i>Yes. Art. 28 of the Law on Bankruptcy of Enterprises, No. 06/94, dated 14 October 1994, applies the stay only to "assets which are necessary for the continued business operations of the debtor enterprise".</i></p> <p>-Click to Select-</p>
c. Does the law stipulate that secured creditors can apply for a relief of the stay in reorganization (or bankruptcy if reorganization is not available) when the stay poses a great risk to the existence of the collateral (e.g., perishable goods)?	<p><i>Last year: No</i> <i>No. Law is silent on that point.</i></p> <p>-Click to Select-</p>

9. ENFORCEMENT OF SECURITY INTERESTS

9.1 Does the law allow parties to a security agreement, at the time a security interest is created, to agree to enforce the security interest outside of court if the debtor defaults in both Scenario A and Scenario B (i.e., upon default, may the secured party (i) take possession of the collateral or (ii) sell, exchange, convert into money, or otherwise enforce against the collateral privately or by auction)?	<p><i>Last year: Yes</i> <i>Yes. Under the 2005 Secured Transaction Law (Art. 34), the parties may agree at the time of security agreement, that the secured party can seize the secured asset in an event of default by the debtor. Also, Bankruptcy law article 44</i></p> <p>-Click to Select-</p>
9.2 Can a sale of the asset take place through a public auction? (A public auction is understood here as a method of selling assets in a public forum through open and competitive bidding and under the authority of a court or a government agency.)	<p><i>Last year: Yes</i> <i>Yes, sale of a secured asset can take place through both public or private auction</i></p> <p>-Click to Select-</p>
9.3 Can a sale of the asset take place through a private sale? (A private sale is understood here as a method of selling assets in which the buyer's and seller's identities are not disclosed and the procedure may not be monitored by a government agency.)	<p><i>Last year: Yes</i> <i>Yes, sale of a secured asset can take place through both public or private auction</i></p> <p>-Click to Select-</p>
9.4 Is a "pactum commissorium" possible in your economy (i.e., may the secured creditor automatically appropriate the encumbered asset upon default of the debtor)? Is the creditor allowed to acquire the asset as a full or partial repayment of the debt by agreement?	<p><i>Last year: Yes</i> <i>Yes, a secured creditor may automatically appropriate the encumbered asset upon default of the debtor (as per the Secured Transaction Law)</i></p> <p>-Click to Select-</p>

Section 5 Research Questions

1. When changes to the framework of secured transactions (e.g., new or amended secured

transactions law, operation of the collateral registry) are introduced, how are they conveyed to stakeholders (including ministry of finance, central bank, judges, academia, lawyers, related government agencies, private sector, notaries, financial journalists, and others):

- Pilot test:	-Click to Select-
- Dissemination campaign (e.g., social media, billboards, etc.):	-Click to Select-
- Training/workshop:	-Click to Select-
- Through public broadcast (e.g., TV, radio, etc.):	-Click to Select-
- None of the above:	-Click to Select-
- Other, please explain:	
Comment:	

2. If you answered yes to any of the above, please list what the communication program included:

- New provisions of the Act:	-Click to Select-
- New internal credit policies:	-Click to Select-
- Use of online collateral registry website:	-Click to Select-
- Valuation of collateral:	-Click to Select-
- Field examining/Collateral management/Risk management:	-Click to Select-
- Enforcement/collection:	-Click to Select-
- Other, please explain:	
Comment:	

3. Are secured transactions courses taught in schools, colleges or universities for:

- Lawyers:	-Click to Select-
- Economists:	-Click to Select-
- Other, please explain:	
Comment:	

Thank you very much for completing the questionnaire!

We sincerely appreciate your contribution to the *Doing Business* project. The results will appear in the *Doing Business 2019* report and on our website: www.doingbusiness.org.

Your work will be gratefully acknowledged.