

**CHAPTER 7****COMPOSITION AND THE LIQUIDATION OF THE BANKRUPTCY****SECTION I****THE CREDITORS' MEETING****Article 476.**

Within eight days from the time laid down in Article 467, the official receiver shall invite (through the clerk of the court) all creditors whose claims have been verified or provisionally accepted to attend a meeting for the purpose of discussing the acceptance of a composition or a scheme of arrangement. The objects of such a meeting shall be advertised in the newspapers as well as communicated in the summons to creditors.

**Article 477.**

The meeting shall be presided over by the official receiver at a place, day and hour to be fixed by him. Creditors whose claims have been verified and admitted or provisionally admitted shall appear in person or by proxy appointed by power of a attorney.

The bankrupt shall also attend this meeting and he must be present in person.

He may appear by proxy only for valid reasons which must be approved by the official receiver.

**Article 478.**

The trustee shall read at the meeting of creditors a report on the state of the bankruptcy, on the formalities which have been complied with, and on the transactions carried out with, the knowledge of the bankrupt. This report signed by the trustee, shall be handed to the official receiver who shall prepare a statement containing all the matters discussed and all decisions taken by the meeting.

be called, the debt cannot be admitted provisionally, and the creditor in question can take no part in the bankruptcy proceedings pending the decision of the competent criminal court.

#### Article 472.

Upon the expiration of the periods fixed by Articles 462 and 467 the arrangement of a composition and other matters relating to the bankruptcy shall be proceeded with.

#### Article 473.

The creditors who have failed to appear within the prescribed period and have not complied with the provisions of Article 462, have no right to object to the accounts and the proofs which have been accepted, or the decisions made relating to the distribution of dividends, prior to their appearance.

However, they have a right to rank as creditors and to share in dividends subsequent distributed without, however, having the right to demand their share due to them under previous allotments from the assets which have not yet been distributed.

#### Article 474.

Those who have any claim for damages on property actually in the hands of the bankrupt and have not given up their claim must, while the bankruptcy proceedings are in progress, prove and enforce their claim.

#### Article 475.

The terms of the preceding article apply equally to the right of revocation he may have over property actually in his possession, provided, however, that the exercise of such right shall not be prejudicial to the interests of the creditors.

“admitted as a liability in the bankruptcy of  
for the amount of ..... the .....

Each creditor must, within the time fixed and in the manner laid down by a regulation of the Ministry of Justice, guarantee that the debt claimed by him is genuine and that he has no intention of making any illicit profit.

#### Article 468.

If a debt is contested, the official receiver may submit the dispute to the court.

On receiving the report of the official receiver the Court must examine the matter immediately.

The Court may order that an inquiry is made in the presence of the official receiver, who can order any persons who can provide information relating to the contested debt to be summoned to appear before him or to be asked by him to furnish such information.

#### Article 469.

When a dispute as to the admission of a debt is brought before the court and if a discussion regarding it cannot be given within fifteen days, the Court shall order, in the circumstances, either a postponement of the summoning of the meeting to consider a composition or a scheme of arrangement, or shall ask that the meeting be called without waiting for the findings of the Court.

#### Article 470.

If the court decides that the meeting is to be summoned, it may order that the creditor whose claim is disputed shall be recognized temporarily as such to the extent of the sum referred to in the decision of the court, and he shall take part in the discussion concerning the bankruptcy.

#### Article 471.

When a debt is the subject of criminal proceedings, the court may order an adjournment. But if it orders the meeting to

with a regulation by the Ministry of Justice) to the clerk of the Court against receipt, the original documents evidencing their debts, or certified copies, together with a statement showing the whole amounts claimed by them.

#### Article 463.

The verification of claims shall start within three days from the expiration of the time laid down in the preceding article. It shall be continued without interruption in the place, and the time fixed by the official receiver, and the manner prescribed by a regulation of the Ministry of Justice.

#### Article 464.

Every creditor whose claim has been verified, or whose name appears in the statement of accounts of the bankrupt to present at the examination of the claims of other creditors and lodge objections to debts already proved, or debts in course of examination. The bankrupt has the same rights.

#### Article 465.

The domicile of creditors or their representatives shall be given in the report on the verification of the debts of the bankrupt.

This report shall contain a brief description of the documents as well as a note of any additions, erasures of all kinds, interlineations, and a formal statement as to whether the debt is admitted or disputed.

#### Article 466.

The official receiver may, ex officio, order the books of the creditors to be brought before him, or ask the local court to prepare extracts from them for him.

#### Article 467.

If a debt is admitted, the trustee must write on the document evidencing the debt the following formula which must be signed by him and countre-signed by the official receiver:-

at issue as claims by the creditors, even though the claims relating to immovable property.

#### Article 459.

If the matter, with regard to which a settlement is made of uncertain value, or if its value exceeds five thousand rials, such settlement becomes binding only when the Court has approved of it, the bankrupt having been summoned to attend.

The bankrupt shall in every case have the right to oppose the settlement, if the settlement concerns real property, the bankrupt's opposition shall be sufficient to prevent a settlement, until such time as the Court decides what course shall be taken.

#### Article 460.

Monies received by the trustee shall be deposited immediately with the district Court.

The Court shall open a special account for the assets and liabilities of the bankrupt. Monies paid in may be withdrawn only on the order of the official receiver which must be approved by the trustee.

### SECTION 4

#### SAFEGUARDING THE RIGHTS OF THE BANKRUPT

#### Article 461.

From the date of his appointment as such, the trustee must take all the necessary steps to safeguard the rights of the bankrupt against his debtors.

### SECTION 4

#### VERIFICATION OF DEBTS

#### Article 462.

After the order in bankruptcy has been made, the creditors must deliver (within the time fixed by the trustee in accordance

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### SECTION 3

#### SALE OF PSOFESTY AND COLLECTION OF DEBTS.

##### Article 456.

When the inventory is completed the goods, cash, bonds, and papers, furniture and effects of the bankrupt (except property and articles not liable to distrain for debt) shall be handed over to the trustee.

##### Article 457.

The trustee shall proceed under the control of the official receiver to recover outstanding debts. He may also, with the authority of the public prosecutor and under the control of the official receiver, proceed with the sale of furniture and goods after notifying the bankrupt to attend. The procedure as to the sale shall be fixed by a regulation of the Ministry of Justice.

##### Article 458.

The trustee may, with the permission of the official receiver, after notifying the bankrupt to attend, amicably settle all points