

**Article 499.**

The examination of proofs produced in virtue of the preceding article shall proceed without delay.

There shall be no need for fresh proof of debts previously admitted or confirmed, but debts paid in whole or in part since then must be deducted.

**Article 500.**

Transactions by the bankrupt after the confirmation and prior to the annulment or acceptance of the composition shall be annulled only when it is established that they have been made with the intention of injuring the creditors and injury has been effected.

**Article 501.**

In case of cancellation or annulment of the composition the assets of the bankrupt shall be divided pro rata among the creditors named in the composition, and among persons who have become creditors after the composition has been agreed to.

**Article 502.**

When the creditors named in the composition have received a part of their claims after the debtor is declared bankrupt and prior to cancellation or annulment of the composition, the dividend they have received shall be deducted from the amount when the distribution takes place.

**Article 503.**

The regulations of the two preceding articles shall apply equally when a bankrupt, without any previous annulment or cancellation of the composition having taken place.

the composition, proceeding may be brought against him for the cancellation of the composition.

**Article 495.**

If the total or partial fulfilment of the composition has been guaranteed by one or several guarantors, the creditors may ask for the fulfilment of the gurantees, In the latter case that part of the composition which has not been guaranteed shall be cancelled. If there are several guarantors, they shall be jointly and severally responsible.

**Article 496.**

When, after confirmation of the composition, the bankrupt is prosecuted for fraudulent bankruptcy and placed under arrest or is imprisoned, the court may take all such protective measures as it deems necessary, But such measures shall cease immediately following a verdict for staying the proceedings, or for acquital or discharge has been given.

**Article 497.**

Upon the issue of a judgment for fraudulent bankruptcy or candellation of the composition, an official receiver and a trustee shall be nominated by the court.

**Article 498.**

The trustee may affix the seals to the property of the bankrupt.

He shall proceed immediately with the examination of deeds and documents and shall compare them with the former inventory. He shall prepare, if necessary, a supplementary inventory.

He shall summon immediately, by means of advertisements in the newspapers, the new creditors, if there are any, to produce proof of their claims for verification, within one month.

In the foregoing advertiisments reference shall be made to the findings of the judgment nominating the trustee.

**Article 490.**

Proceedings to nullify a composition will only be heard if it is discovered after confirmation that there has been fraudulent concealment and under evaluation of the assets and inflation of liabilities.

**Article 491.**

As soon as the judgment confirming the composition has been finally issued, the trustee shall hand to the bankrupt in the presence of the official receiver a detailed account which shall be considered final unless it is contested.

He shall deliver against receipt to the bankrupt all his books, documents and papers, as well as all his property, except that which must be delivered to the creditors who did not agree to the composition.

The trustee's functions shall cease as soon as he has made an arrangement for the payment of the share of the said creditors.

The official receiver shall then draft a statement relating to the whole of the proceedings, after which his duties shall come to an end.

In case of dispute, the court shall make an order.

**PART 3. THE ANNULMENT OF A COMPOSITION****Article 492.**

A composition is null and void:-

- (a). If the bankrupt is found guilty of fraudulent bankruptcy;
- (b). In the case provided for by Article 490.

**Article 493.**

When the court has decreed the annulment of a composition the guarantor or guarantors if there are any, are freed from their obligations.

**Article 494.**

In case of non-fulfilment by the bankrupt of the terms of

as well as the bankrupt shall be summoned to appear at the first hearing in the bankruptcy court.

#### Article 486.

The composition must be confirmed by the court. Each of the parties may ask for confirmation. However, the tribunal may give a decision only after the expiration of one week fixed by the preceding article.

If any opposition is made of the composition shall be dealt with in one judgment.

If the objection is admitted, the composition shall be null and void for all parties interested.

#### Article 487.

Before the court has delivered judgment regarding the confirmation, the official receiver shall submit a report to the court with regard to the nature of the bankruptcy and the admissibility of the composition.

#### Article 488.

In case of non-observance of the prescribed regulations, the court shall refuse to confirm the composition.

### PART 2. EFFECTS OF A COMPOSITION

#### Article 489.

As soon as it has been confirmed, the composition becomes binding on the creditors who have formed part of the majority or have agreed to the composition within ten days dating for confirmation.

The creditors who have neither formed part of the majority, nor agreed to the composition may receive from the estate of the bankrupt their share prorata of their debts; but they may, in future, claim from the bankrupt the balance of their debts only when creditors who have agreed to accept a composition, or have signed such agreement within the prescribed period, have been paid in full.

but not three-quarters in value, of if they form a majority of three-quarters in value but not a majority in numbers, the scheme shall be provisional only and a new meeting must be called within a week.

#### Article 482.

The creditors present or legally represented at the first meeting and who have signed the minutes are not bound to be present at the second meeting unless they wish to modify their decision, If they are absent, the decisions already made by them remain valid and the bankrupt's composition shall be definitely accepted, if the majority in number and value prescribed by Article 480 is present at the second meeting.

#### Article 483.

No composition can be concluded, if a bankrupt has been found guilty of fraudulent bankruptcy.

When a merchant is prosecuted for fraudulent bankruptcy and the circumstances indicate that he will be acquitted and composition will be made with him, the creditors shall be summoned to decide whether they will adjourn their meeting until after the result of the enquiry in regard to the fraudulent bankruptcy has been made known, or take an immediate decision.

#### Article 484.

If a merchant has been found guilty of culpable bankruptcy, a proposal for a composition may be entertained. However, then bankruptcy proceedings have already started, the creditors may defer their decisions as to acceptance of a composition until the result of such proceedings has been made known, in conformity with the provisions of the preceding article.

#### Article 485.

All the creditors who have had the right to agree to composition may unite to oppose it. The grounds for such opposition, must be well-founded and shall be notified to the trustee and to bankrupt within a week of the agreement to a composition. Failing this the opposition shall be considered null and void, and the trustee

# IRANIAN BAR ASSOCIATION.

## KANOON VOKALA DADGOSTARI

No. 103

August - September 1966

Vol. 18

قانون تجارت ایران بانگلیسی ( ۱۸ )

(18) Commercial Code of Iran

### SECTION 2

### COMPOSITIONS

#### PART 1. FORMALITIES FOR A COMPOSITION

##### Article 479.

A composition or arrangement can only be arrived at between a bankrupt and his creditors when the formalities referred to above have been complied with.

##### Article 480.

A composition or scheme of arrangement must be agreed to by at least one half of the creditors plus one, representing at least three-quarters in value of the total amount of debts. Verified and admitted, or admitted provisionally, in conformity with Section 5 of Chapter 6, under penalty of annulment.

##### Article 481.

If, at the meeting called to approve a composition, the creditors present represent a numerical majority of the creditors