About the draft Code of Ethics and Professional Conduct for Insolvency Administrators

This publication, titled draft Code of Ethics and Professional Conduct for Insolvency Administrators (the Code) has been prepared by the IFC Investment Climate Advisory Services Project in Ukraine, under the supervision of the World Bank Group’s Global Debt Resolution and Business Exit team, as part of the overall work to improve the company insolvency system in the country.

This is the first attempt at developing a Code of Ethics and Professional Conduct for Insolvency Administrators in Ukraine. There are slightly more than two thousand certified administrators in the market and the need to create a set of common guiding principles and rules of practice has been high on the agenda for a number of years. The developed draft Code is based on international best practices in the insolvency profession.

IFC encourages the Associations of Insolvency Administrators in Ukraine to adopt the proposed draft Code of Ethics and Professional Conduct of Insolvency Administrators in order to improve levels of transparency and integrity and to standardize and regulate general insolvency practices amongst insolvency professionals across the country.
About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing investment, providing advisory services to businesses and governments, and mobilizing capital in the international financial markets. In fiscal 2011, amid economic uncertainty across the globe, we helped our clients create jobs, strengthen environmental performance, and contribute to their local communities—all while driving our investments to an all-time high of nearly $19 billion. For more information, visit www.ifc.org.

About the Investment Climate Advisory Services of the World Bank Group

The Investment Climate Advisory Services of the World Bank Group helps governments of developing and transition countries improve and simplify business regulations, attract and retain investments, helping clients foster growth and create jobs. It is funded by three World Bank Group members—the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the World Bank—and by several donor partners who collaborate with us through the multi-donor FIAS platform.

The findings, interpretations, and conclusions included in this report are those of the author and do not necessarily reflect the view of the Executive Directors of the World Bank Group or the governments they represent.

About IFC Ukraine Investment Climate Project

The project works to improve Ukraine’s environment for business and investments, making it conducive to the development of small and medium businesses. Its objectives are to: (a) contribute to streamlining the regulatory framework for inspections, permits, technical regulations, insolvency and food safety systems, aligning them with international best practices; (b) monitor the businesses environment through representative surveys; and (c) conduct outreach, advocacy, and awareness-raising activities to ensure reforms are implemented. More information can be found on ifc.org/ukraine/ic
About the donor partners

The Canadian International Development Agency (CIDA)

The Canadian International Development Agency is a Canadian governmental agency whose mandate is to support sustainable progress in developing countries in order to reduce poverty and contribute to a more secure, equitable, and prosperous world. One of its objectives is to work with countries in transition to stimulate growth through building self-sustainability among local populations and mobilizing available resources. CIDA supports foreign aid projects in many countries around the world. For more information, please visit www.acdi-cida.gc.ca/index.htm.

The Agency for International Business and Cooperation of the Dutch Ministry of Economic Affairs (EVD)

The Agency for International Business and Cooperation is part of the Dutch Ministry of Economic Affairs. Its mission is to promote and encourage international business and international cooperation. As a government agency and a partner to private and public sector organizations, it aims to help them achieve success in their international operations. For more information, please visit www.evd.nl.

The Swedish International Development Cooperation Agency (Sida)

The Swedish International Development Cooperation Agency is a government agency that reports to the Ministry for Foreign Affairs of Sweden. Sida is responsible for most contributions of Sweden to international development work with the goal to improve the standard of living of poor people and eradicate poverty. For more information, please visit www.sida.org.

The Swiss Confederation in Ukraine

In 1997 the Swiss Confederation and Ukraine signed a bilateral agreement for technical cooperation, in the framework of which the Swiss Cooperation Office was opened in Kyiv to coordinate the cooperation programs in Ukraine. The Swiss support to Ukraine focuses on Financial and Economic Sustainability, Sustainable Energy Management, Local Governance and Public Services as well as Reproductive Health. The yearly budget of the Swiss Cooperation Program in Ukraine amounts up to CHF 14 million. For more information please visit http://www.swiss-cooperation.admin.ch/ukraine/.
1.1. The purpose of this Code of Ethics and Professional Conduct for Insolvency Administrators is to establish conditions for transparent and efficient execution of the Law of Ukraine “On Restoring Debtor’s Solvency or Declaring a Debtor Bankrupt”, speedy resolution of insolvency proceedings, maintenance of public trust and respect for insolvency administrators.
Part 2. Definitions

2.1. For the purposes of this Code of Ethics and Professional Conduct for Insolvency Administrators the following expressions shall have the meanings set out below:

2.1.1. “Insolvency administrator” shall mean an individual who is appointed or may be appointed (meets all requirements for appointment) as an asset manager, reorganization manager or liquidator.

2.1.2. “Participant in insolvency proceedings” shall mean a Court, Debtor, Creditor, or any other party involved in insolvency proceedings against the Debtor, or considered to be participant in insolvency proceedings according to Law.

2.1.3. “Support staff” – an Expert or any other person who with consent of an Insolvency administrator has access to documents and information concerning performance of an Insolvency administrator’s functions.

2.1.4. “Expert” shall mean a legal or natural person (including private entrepreneur) who provides services (performs work) to assist an Insolvency administrator to perform his/her functions (including but not limited to financial analysis of the Debtor’s activity, property protection, valuation of the property, auditing, litigation, drafting documents and reports, etc.).

2.1.5. “Associated person” – a spouse of an Insolvency administrator or any relative of the Insolvency administrator or his/her spouse up to the third degree of kinship; (b) a legal person whose governing body member is an Insolvency administrator or any person mentioned in subsection (a) of this section; (c) a legal person controlled by an Insolvency administrator or by any person mentioned in subsection (a) of this section. The conclusion about the existence/non-existence of relations of control shall be made on the basis of the term “control” as it is defined by antimonopoly legislation.
2.1.6. “Debtor” shall mean a legal person or private entrepreneur in respect of whom insolvency proceedings have been commenced.

2.1.7. “Creditor” shall mean a legal or natural person (including private entrepreneur) entitled to claim the discharge of Debtor’s obligations.

2.1.8. “Insolvency estate” shall mean all assets of the Debtor, including money and securities, other assets, rights and interests in assets, which belong to the Debtor and can be used or disposed of (including by way of encumbrance) in order to enable satisfaction of Creditors’ claims.

2.1.9. “Court” shall mean a commercial court empowered to take decisions in the course of insolvency proceedings against the Debtor.


2.1.11. “Law” – shall mean the Law of Ukraine “On Restoring Debtor’s Solvency or Declaring a Debtor Bankrupt”.

All other expressions used in this Code shall have the same meanings as they (in order of decreasing priority) have in: (a) Law; (b) other regulations; (c) common business practice.
Part 3. Application and scope of this Code

3.1. This Code applies to all Insolvency administrators.

Provisions of this Code regarding conflict of interest do not apply to persons who are appointed as a reorganization manager or liquidator because of their previous performance of tasks of the head of Debtor’s liquidation commission or Debtor’s liquidator (article 86 of the Law) or the head of the Debtor (article 85 of the Law).

3.2. An Insolvency administrator shall take steps to ensure that a Support staff executes all rules of this Code applied to the Support staff.

3.3. This Code shall be applied under any of the following circumstances:

(a) an Insolvency administrator’s behavior is not regulated by legislation, or
(b) legislation allows an Insolvency administrator to choose his/her behavior.

This Code shall also be used for interpretation of current legislation.

3.4 If current legislation contains the rule that expressly obliges an Insolvency administrator to act otherwise than prescribed by this Code, the Insolvency administrator shall execute the rule of current legislation.

3.5. Insolvency administrator’s violation of this Code may lead to refusal to appoint such administrator as an asset manager, reorganization manager or liquidator, or early termination of such appointment, or another liability established by legislation.
Part 4.
Fundamental principles

4.1. An Insolvency administrator shall be required to comply with the following fundamental principles:

- Competence;
- Independence and Objectivity;
- Maximization of Value of Insolvency Estate;
- Confidentiality;
- Integrity.

4.2. Competence.

4.2.1. An Insolvency administrator shall make his/her best efforts to acquire knowledge and skills that are sufficient and necessary for efficient execution of his/her duties.

4.2.2. An Insolvency administrator shall regularly increase the level of his/her qualification, maintain continuing awareness and understanding of relevant technical and professional developments, including developments in insolvency legislation, regulations and guidance issued by authorizing body, and judicial practice (including reviews of the court’s practice).

4.2.3. Subject to section 4.2.4. of this Code, an Insolvency administrator should only accept an appointment as an asset manager, reorganization manager or liquidator when he/she has sufficient expertise.
4.2.4. Despite section 4.2.3. of this Code, an Insolvency administrator may accept an appointment as an asset manager, reorganization manager or liquidator without sufficient expertise if there are reasonable grounds to decide that:

(a) there are no Insolvency administrators who possess the competencies necessary to carry out the appointment as an asset manager, reorganization manager or liquidator, or

(b) all Insolvency administrators who possess the competencies necessary to carry out the appointment as an asset manager, reorganization manager or liquidator, for any reason cannot be appointed, or

(c) negative consequences of an appointment of the Insolvency administrator who possesses the competencies necessary to carry out the appointment (for instance – high remuneration of the Insolvency administrator), cannot be compensated by the significant level of the competence of such a person.

Under above-mentioned circumstances the Insolvency administrator shall inform in writing the body authorized to appoint an asset manager, reorganization manager or liquidator, and persons who have a right to participate in the meeting of such body about Insolvency administrator's lack of sufficient expertise.

4.3. Independence and Objectivity

4.3.1. An Insolvency administrator shall demonstrate independence from vested interests, whether of an economic, familial or other nature that affect or may affect the performance of Insolvency administrator’s tasks.

4.3.2. An Insolvency administrator shall not engage in any business or occupation that would jeopardize his/her objectivity or independence in respect of the insolvency process.

4.3.3. Unless otherwise permitted by Law, this Code, or other legislation, an Insolvency administrator may not solicit or accept any gratuity, gift, or other remuneration or thing of value, privileges or other benefits from any person, if they affect or may affect the official actions of the Insolvency administrator.

4.3.4. Unless otherwise permitted by Law, this Code, or other legislation, an Insolvency administrator shall not perform functions of an asset manager, reorganization manager or liquidator, in case of “active conflict of interests”.
For the purposes of this *Code* any circumstances set out below shall be considered as posing “active conflict of interests”:

- an *Associated person* is a *Debtor* or *Creditor*;
- the *Insolvency administrator* or *Associated person* has (or had at any time during five years before the commencement of insolvency proceedings against the *Debtor*) a contractual relationship with any *Participant in insolvency proceedings* and such a relationship impairs, or appears in the opinion of an informed third person to impair, objectivity or independence of the *Insolvency administrator’s* performance (this rule does not apply to a relationship connected with payment of the *Insolvency administrator’s* remuneration which shall be made in accordance with the *Law* and this *Code*);
- the *Insolvency administrator* or *Associated person* is (or had been at any time during five years before the commencement of insolvency proceedings against the *Debtor*) a participant (shareholder, owner etc.) or member of the governing body of the legal entity, that is considered to be a competitor of the *Debtor* or *Creditor*, and if insolvency proceedings against the *Debtor* may significantly affect the activity or position of such a competitor;
- there are other circumstances that, in the opinion of a reasonable and informed third party, having knowledge of all relevant information, will impair the objectivity, independence or performance of the *Insolvency administrator’s* functions.

4.3.5. For the purposes of this *Code*, in the absence of active conflict of interests, any circumstances set out below shall be considered as posing inactive conflict of interests:

- active conflict of interests had existed at any time during seven years before the commencement of insolvency proceedings against the *Debtor*;
- there are other circumstances that directly or indirectly indicate the possibility of impairing the objectivity or independence of the *Insolvency administrator’s* performance.

4.3.6. An *Insolvency administrator* shall take all necessary actions for the timely detection of conflict of interests (active or inactive).

4.3.7. *Code’s* restrictions of the conflict of interests shall apply to an *Expert*.

An *Insolvency administrator* shall take all necessary and possible actions for the timely detection of the *Expert’s* conflict of interests and ensure that conflict of interests may not affect the *Insolvency administrator’s* performance.
4.4. Maximization of Value of an Insolvency Estate.

4.4.1. An Insolvency administrator shall use all available means permitted by law to increase the total value of an Insolvency estate. This rule does not apply when the Insolvency estate should be decreased by paying Creditors’ claims.

4.5. Confidentiality

4.5.1. An Insolvency administrator shall observe confidentiality and not disclose information about the Debtor, Creditor, Insolvency estate or other information that is gathered in a professional capacity to third persons unless the disclosure is mandatory according to the legislation, or third persons have a right to obtain information, or the disclosure is made for proper exercise of Insolvency administrator’s functions.

4.5.2. An Insolvency administrator shall ensure the Support staff’s adherence to confidentiality.

4.5.3. An Insolvency administrator shall not use any confidential information that is gathered in a professional capacity for his/her personal benefit or for the benefit of a third party unless otherwise permitted by the Law or this Code.

4.5.4. An Insolvency administrator shall take steps to ensure that Support staff shall not use confidential information for their personal benefit, benefit of the Insolvency administrator or benefit of third persons unless otherwise permitted by the Law or this Code.

4.6. Integrity

4.6.1. An Insolvency administrator shall be straightforward and honest in all professional and business relationships.

4.6.2. An Insolvency administrator shall not assist, advise, or encourage any person to engage in any conduct that violates the Law, this Code or other legislation, in respect of the bankruptcy and insolvency process.

4.6.3. Any information contained in a document produced by an Insolvency administrator shall be set forth in a clear and unambiguous way. The Insolvency administrator shall use his/her best efforts to avoid situations when unclear statements or withholding information can result in decisions (actions) of the Court, Creditor or Debtor that would differ from decisions (actions) made on the basis of clear and unambiguous information.
4.6.4. An *Insolvency administrator* shall not sign any document, including a letter, statement, report, financial statement or plan, that he/she knows, or reasonably ought to know, is false or misleading.

4.6.5. If according to the *Law*, this *Code*, or other legislation an *Insolvency administrator* is obliged to make any report (notice, message etc.), such report shall be made within a reasonable period in order to give the receiver of the report enough time to read it and make a decision (take an action, produce a document) based on the information of the report.

4.6.6. If according to the *Law* or other legislation an *Insolvency administrator* is obliged to produce any document about his/her activity and/or activity of the *Debtor* (hereinafter referred to as Report), such Report shall contain comprehensive information that affects or may affect rights or legally protected interests of the Report’s receiver. In the Report, the *Insolvency administrator* shall reveal information the disclosure of which is predictably desirable for the receiver of the Report. This rule does not apply if (a) the form and content of the Report are established by legislation and requirements of this subsection differ from those of the legislation, or (b) expenses on producing a comprehensive Report are not commensurate with the purpose of the Report.

4.6.7. An *Insolvency administrator* shall refrain from actions that unreasonably delay the resolution of insolvency proceedings against *Debtor*.

If the *Law* or another act of legislation obliges an *Insolvency administrator* to perform actions during a certain long period, the *Insolvency administrator* shall use his/her best efforts to perform such actions as soon as possible in order to ensure prompt consideration of the insolvency case. This rule shall also apply if the *Law* and other legislation do not establish a certain period for performance of the obligatory actions of the *Insolvency administrator*. 
5.1. Before appointment as an asset manager, reorganization manager or liquidator, an Insolvency administrator shall in writing inform the body authorized to consider his/her appointment of the following information about the Insolvency administrator:

(a) general experience of performing functions of the asset manager, reorganization manager or liquidator, and

(b) experience of performing functions of the asset manager, reorganization manager or liquidator in a sphere of the Debtor’s activity, and

(c) size of the Insolvency administrator’s caseload in insolvency proceedings, and

(d) level of Insolvency administrator’s workload that is not connected with insolvency proceedings but may affect the performance of Insolvency administrator’s duties, and

(e) the presence or absence of any conflict of interests (active or inactive), and

(f) any other information that may affect the performance of Insolvency administrator’s functions.
5.2. An Insolvency administrator should refuse appointment as an asset manager, reorganization manager or liquidator if:

(a) there are reasonable grounds to decide that Insolvency administrator will not properly perform duties of an asset manager, reorganization manager or liquidator because of the large size of his/her caseload, or

(b) there are reasonable grounds to decide that Insolvency administrator does not have sufficient knowledge and skills for execution of his/her duties in insolvency proceedings against Debtor, or

(c) the performance of functions of an asset manager, reorganization manager or liquidator, will pose an active conflict of interests, or

(d) there are reasonable grounds to decide that an Insolvency administrator will not properly perform his/her duties because of ill health, or

(e) there are circumstances under which the Law forbids an Insolvency administrator to perform the functions of the asset manager, reorganization manager or liquidator, or

(f) there are other circumstances that impair or will probably impair an Insolvency administrator’s performance.

5.3. If an Insolvency administrator is appointed as an asset manager, reorganization manager or liquidator despite his/her prior written refusal, such Insolvency administrator shall appeal the decision on appointment and immediately file a notice of resignation.

5.4. An Insolvency administrator may accept the appointment as an asset manager, reorganization manager or liquidator despite inactive conflict of interests if:

(a) written disclosure is made, prior to the appointment, of the existence and nature of such a conflict to all Participants in insolvency proceedings, and

(b) the Insolvency administrator meets all other requirements for the appointment.

5.5. An Insolvency administrator shall not, directly or indirectly, pay (or undertake to pay) to third party a commission, compensation or other benefit in order to obtain an appointment as an asset manager, reorganization manager or liquidator.
Part 6.

Activity of an insolvency administrator

6.1. Relationships between an Insolvency administrator and Debtor.

6.1.1. An Insolvency administrator shall use all available and permitted by law means to restore Debtor's solvency.

6.1.2. After appointment as reorganization manager, liquidator or asset manager (if the head of the Debtor is replaced by such manager), an Insolvency administrator shall take actions to prevent the acting on behalf of the Debtor by any unauthorized person or person not under the Insolvency administrator's control. Such actions may include (but not be limited to) the following:

- immediately notify in writing all banks through which the Debtor performs payment operations of the opening of the bankruptcy proceedings, and change the person authorized to act on behalf of the Debtor (including signing an order for payment or other documents);

- terminate the power of attorney granted by the Debtor to third parties without Insolvency administrator's consent (or prior to the appointment of the Insolvency administrator);

- exclude from the Unified State Register of Legal Entities and Private Entrepreneurs information about any person (except the Insolvency administrator) who (according to the mentioned register) is authorized to act on behalf of the Debtor without the power of attorney;

- notify in writing the main counterparties of the Debtor that the Insolvency administrator has assumed control over the assets and business operations of the Debtor.

6.1.3. After appointment as reorganization manager, liquidator or asset manager (if the head of the Debtor is replaced by such manager), an Insolvency administrator shall ensure compliance of the Debtor's activity with legislation.
6.1.4. Upon determining that there are reasonable grounds to believe that the Debtor (officials or employees of the Debtor) has committed a crime, an Insolvency administrator is required to report suspected violations of criminal law to the appropriate law enforcement bodies and promptly provide them all information, facts and proofs relevant to the allegations.

6.1.5. Upon determining on reasonable grounds that officials or employees of the Debtor damaged the assets of the Debtor or committed acts leading to the Debtor’s insolvency, an Insolvency administrator shall seek compensation for damages on behalf of and in the interest of the Debtor.

6.1.6. Insolvency administrator shall refrain from using the assets of the Debtor for any purpose not related to the execution of his/her functions.

6.2. Relationships between an Insolvency administrator and Creditor.

6.2.1. An Insolvency administrator shall use all available means permitted by law to pay Creditors’ claims.

6.2.2. During the execution of his/her functions (or in connection with such execution) an Insolvency administrator shall not acquire, directly or indirectly, any of Creditor’s assets or conclude any contract with the Creditor unless otherwise permitted by Law, this Code, or other legislation.

6.2.3. An Insolvency administrator shall avoid unequal treatment among Creditors. This rule does not apply when unequal treatment is required by Law, this Code, or other legislation.

6.2.4. If an Insolvency administrator is responsible for (or involved in) holding a meeting of Creditors or Creditors’ committee, the Insolvency administrator shall favor and support the Creditors’ exercising their rights connected with the participation in meeting.

6.3. Relationships between an Insolvency administrator and Court.

6.3.1. An Insolvency administrator shall observe the Law, Code of Commercial Procedure of Ukraine, and this Code. Any statements, speeches, remarks, explanations, complaints and claims of the Insolvency administrator shall be produced in a tactful way.

6.3.2. If an Insolvency administrator reasonably believes that Court’s actions are contrary to the legislation or prevent the restoration of the Debtor’s solvency, the Insolvency administrator shall use all available means permitted by law to minimize or eliminate that negative impact. Such means may include filing: an appeal; a statement setting forth the facts constituting the grounds for disqualification of the judge; comments to the protocol of Court hearings etc.
6.3.3. If an *Insolvency administrator* reasonably believes that *Court’s* actions are contrary to the legislation and violate the rights or legally protected interests of the *Insolvency administrator*, the latter has a right to use all available means permitted by law to minimize or eliminate the violation of *Insolvency administrator’s* rights or legally protected interests.

6.3.4. An *Insolvency administrator* shall exercise the rights in a manner that does not constitute an abuse of rights. Under this *Code* “abuse of right” shall mean the exercise of a right established by the *Law*, or Code of Commercial Procedure of Ukraine with the sole or main intention of harming the *Creditor, Debtor* or another *Participant in insolvency proceedings*.

6.3.5. An *Insolvency administrator* shall influence the *Court* only in a way that is permitted by *Law* or other legislation.

6.4. Remuneration and reimbursement of the *Insolvency administrator’s* expenses.

6.4.1. Unless otherwise permitted by *Law*, an *Insolvency administrator* may not seek or receive any form of the remuneration or derive any other gains or benefit for services provided as an asset manager, reorganization manager or liquidator, except as authorized by the *Court*.

6.4.2. An *Insolvency administrator* shall beforehand inform persons involved in determination or approval of the *Insolvency administrator’s* remuneration about a minimum remuneration and other terms of payment of such a remuneration, failure of which will lead to the *Insolvency administrator’s* refusal to accept the appointment as an asset manager, reorganization manager or liquidator. This rule does not apply if *Law* or other legislation establishes a fixed amount and terms of payment of the *Insolvency administrator’s* remuneration.

6.4.3. An *Insolvency administrator* shall refrain from incurring expenses that are not reasonably necessary, or the size of which is not justified, if such expenses shall be reimbursed at the expense of the *Insolvency estate, Debtor or Creditor*.

6.5. Employment of an Expert.

6.5.1. An *Insolvency administrator* shall use his/her best efforts to perform his/her duties by himself/herself. If the *Insolvency administrator* has not sufficient expertise, he/she shall take steps to acquire the necessary knowledge and skills, or employ an *Expert* at his/her own expense if such employment is not forbidden by the *Law*, this *Code*, or other legislation.
6.5.2. An **Insolvency administrator** has a right to employ an **Expert** to assist in performing the **Insolvency administrator**’s duties at the expense of the **Debtor** and/or **Creditor**. This right is subject to the following conditions:

(a) actions performed by the **Expert** are required by legislation, or benefits from such actions are of greater value than the **Expert**’s remuneration, and

(b) the **Insolvency administrator** has neither the knowledge, nor skills necessary for individual performance of duties and cannot acquire them in a reasonable time, and

(c) the **Expert** has such necessary knowledge and skills, and

(d) the **Law** does not forbid employment of the **Expert** according to the terms and conditions listed above.

6.5.3. Despite section 6.5.2. of this **Code**, an **Insolvency administrator** has the right to employ an **Expert** at the expense of the **Debtor** and/or **Creditor** if the **Insolvency administrator** has enough knowledge or skills, but not enough time to take necessary actions, and:

(a) actions performed by the **Expert** are required by the **Law**, this **Code**, or other legislation, or benefits from such actions are of greater value than an **Expert**’s remuneration, and

(b) the **Law** does not forbid employment of the **Expert** according to the terms and conditions listed above.

6.5.4. If an **Expert** shall be employed at the expense of the **Debtor** and/or **Creditor**, an **Insolvency administrator** shall take reasonable actions to choose the **Expert** who provides services at the necessary level for the lowest fee.

6.5.5. An **Insolvency administrator** may agree to receive services (results of work) of the **Expert** only if obtaining such services (results of work) meet all requirements of this **Code** and such **Expert** has a contractual obligation to observe confidentiality according to the same rules as those applied to the **Insolvency administrator**.

6.5.6. An **Insolvency administrator** may consent to give an **Expert** access to the information (documents), disclosure of which may damage the **Debtor** and/or **Creditor** and/or result in a substantial reduction of the **Insolvency estate**’s value, only if such **Expert** has a contractual obligation to pay a fine in case of disclosure of confidential information. The amount of such a fine shall significantly reduce the risk of disclosure of the confidential information or cover the significant part of any losses connected with disclosure.

6.5.7. An **Insolvency administrator** may agree to receive services (results of work) of the **Expert** only if such **Expert** provided the **Insolvency administrator** written confirmation of the absence of the **Expert**’s conflict of interests. Conclusions about the presence or absence of the conflict of interests shall be made on the same grounds and in the same manner as those of **Insolvency administrator**’s.
Part 6. Activity of an insolvency administrator

6.6. Agreements.

6.6.1. Before the alienation of Debtor’s assets, an Insolvency administrator shall ensure that all potential buyers have equal access to all relevant information relating to the Debtor’s assets as well as access to the assets subject to sale.

6.6.2. An Insolvency administrator shall initiate a termination of Debtor’s obligation, a recognition of the Debtor’s deal as invalid, or unilateral refusal to discharge the Debtor’s obligation under the following conditions:

(a) there are reasonable grounds to believe that recognition of the deal as invalid or unilateral refusal to discharge the obligation, will increase the value of the Insolvency estate, and

(b) according to the Law, this Code, or other legislation, the Insolvency administrator is authorized to take the actions listed above.

6.6.3. An Insolvency administrator acting on behalf (at the expense) of the Debtor shall economize and not acquire goods (works, services), the level and cost of which is not reasonably justified.

6.6.4. An Insolvency administrator acting on behalf (at the expense) of the Debtor has no right to conclude the contract of donation (as donor), render services for free, or release anybody from a property obligation without proper compensation.

6.6.5. Unless otherwise permitted by the Law, this Code, or other legislation, an Insolvency administrator acting on behalf (at the expense) of the Debtor has no right to alienate assets (rights and interests in assets), conclude contracts for rendering of services (as executor) or contracts for hiring work (as contractor) at a price that is significantly lower than remuneration usually paid under comparable circumstances for similar kinds of commodities, work or services.

6.6.6. An Insolvency administrator shall have the right to grant a power of attorney (or otherwise authorize a third party) to represent the Insolvency administrator and/or Debtor only if such an authorization does not allow such representative to effect deals that are forbidden for the Insolvency administrator by the Law, this Code or other legislation.

6.7. Insolvency estate.

6.7.1. An Insolvency administrator shall take all possible and necessary actions to increase (or, if increasing is impossible, to save) the value of the Insolvency estate. These actions may include (but not be limited to):

- inventorying the Insolvency estate;
- identifying Debtor’s assets, information about which has not been provided by the Debtor;
- bringing voidable transaction claims;
- terminating Debtor’s obligation;
- established by the Law unilateral refusal to discharge the Debtor’s obligation;
- staff redundancy;
- terminating (or suspending) loss-making activities;
- ensuring a proper protection of the Debtor’s property;
- ensuring a proper registration of Debtor’s assets in order to put them in turnover (including but not limited to, registration of title documents for illegally built or reconstructed properties, obtaining an act of ownership to the land plot, etc.);
- anticipatory returning of any loan or property that is not necessary for increasing (saving) the Insolvency estate’s value, and which is in the Debtor’s temporary possession according to a lease or other agreement according to which the property is furnished to the Debtor for charge in a temporary possession;
- reclaiming property from adverse possession;
- submitting an enforcement document.

6.7.2. If an Insolvency administrator is authorized to file claims, satisfaction of which will result (or probably result) in increasing (or saving) the value of the Insolvency estate, the Insolvency administrator shall ensure filing of such claims during a reasonable period but not later than the term of limitation of action, or to file written applications with claims to the debtor in insolvency proceedings, or to submit an enforcement document.

6.7.3. An Insolvency administrator shall ensure proper procedural protection of an interest in increasing (saving) the value of the Insolvency estate where such action may affect the chances of an estate’s case being heard in a court. This obligation includes filing necessary explanations, testimonials, appeals, statements on application of limitation of action, petitions for injunction, written applications with claims to the debtor in insolvency proceedings, etc.
Part 7. Termination of an insolvency administrator’s activity

7.1. An Insolvency administrator shall immediately submit a notice of resignation to the body authorized to terminate his/her appointment if after accepting such appointment Insolvency administrator discovers that:

(a) because of the large size of the Insolvency administrator’s caseload, he/she cannot properly perform the duties of an asset manager, reorganization manager or liquidator, or

(b) an Insolvency administrator cannot properly perform his/her duties in insolvency proceedings against the Debtor because of lack of necessary knowledge and skills, or

(c) a performance of the Insolvency administrator’s functions is posing a conflict of interests (active or inactive), or

(d) Insolvency administrator’s state of health prevents the proper performance of the Insolvency administrator’s functions, or

(e) there are other circumstances that impair or will probably impair the performance of the Insolvency administrator’s functions.

7.2. If according to the Law, this Code, or other legislation an Insolvency administrator is obliged to file a notice of resignation, the Insolvency administrator shall refrain from actions that significantly affect the rights or legally protected interests of the Debtor and/or Creditor till the notice of resignation will be considered by a body authorized to terminate an Insolvency administrator’s appointment. This rule does not apply if there are reasonable grounds to decide that refraining from certain actions will lead (or will probably lead) to a significant decrease in the Insolvency estate’s value.
7.3. In a reasonable term after a termination of an Insolvency administrator’s appointment, and the appointment of another person responsible for the Debtor’s management, the Insolvency administrator shall hand over to the newly appointed manager all documents related to the Debtor’s activity and necessary for a proper management of the Debtor. This rule does not apply to documents and information that according to the Law, this Code or other legislation shall be stored by the Insolvency administrator after termination of the appointment.

7.4. Termination of an Insolvency administrator’s appointment neither terminates nor reduces the obligation of such a person to observe confidentiality of information about the Debtor, Creditor, Insolvency estate, and other information gathered in a professional capacity.