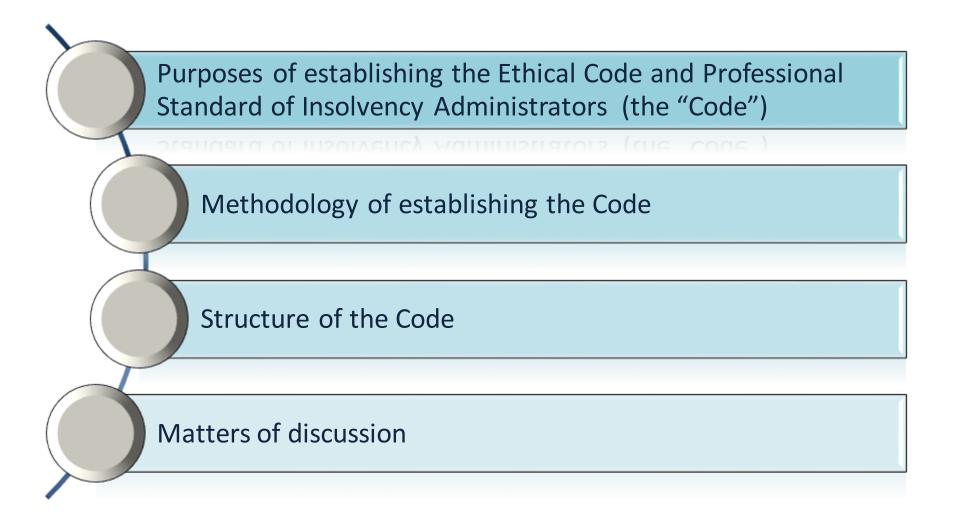
PROFESSIONAL STANDARD OF INSOLVENCY ADMINISTRATORS



Expert team:
Nguyen Hung Quang
Neil Cooper
Nina Pavlova Mocheva
Pham Lien Anh



Table of contents





Purposes of establishing the Code

• Law on Bankruptcy 2014

Professional practising environment

• Business environment



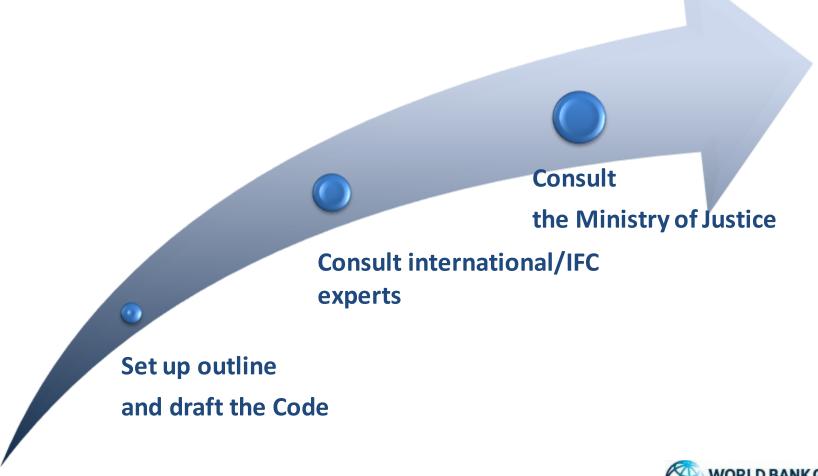
Methodology of establishing of the Code

Foreign reference Features of Legal grounds occupation sources IPA Code of Law on **Ethics** Lawyers Promulgation of **Legal Normative** Documents 2015 Code of Ethics of countries Decree **Auditors** (Serbia, U.S., No.22/2015/ND-CP Australia) guiding the Law on Bankruptcy



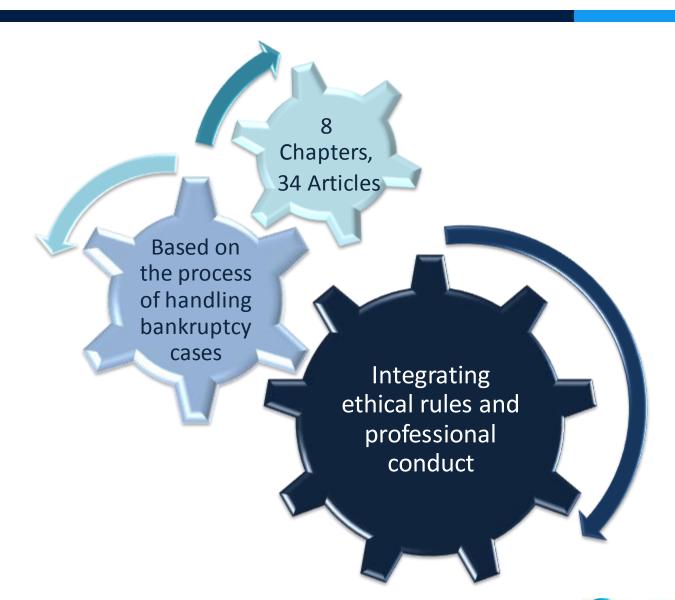
Methodology of establishing the Code

Process of establishing the Code





Structure of the Code





Structure of the Code (cont.)

<u>Chapter I</u> General

principles

Chapter II
Fundamental
principles for
IAs

Chapter III
Identification
of threats
affecting
fundamental
principles

Chapter IV

Refusal of an insolvency appointment

Chapter V

Asset management,
business operation
supervision of
insolvent enterprises,
co-operatives after
decision on initiation
of bankruptcy
proceedings

Chapter VI
Supervision of the execution of business recovery plans

Chapter VII

Dealing with assets upon decision declaring insolvency of an enterprise or cooperative

Chapter VIII
Other
principles



- Chapter I: General principles
- **Chapter II:** Fundamental principles for insolvency administrators
- Chapter III: Identification of threats affecting fundamental principles
- Chapter IV: Refusal of an insolvency appointment



General principles (Chapter I)

1. Purpose:

- a. Establish fundamental ethical standards;
- b. Provide guidelines for professional activities to ensure such standards.
- 2. Scope of application: All individuals who hold a Certificate of Insolvency Administrator practice
- a. Working as an individual Insolvency Administrator;
- b. Working at enterprises of asset management and liquidation.



Fundamental principles for insolvency administrators (Chapter II)

Compliance to the Constitution and legislation

Honesty

Integrity

Independence and objectivity

Sense of responsibility
(professional
competence + diligence
in work + professional
behaviour)

Confidentiality + Case file preservation



Identification of threats affecting fundamental principles (Chapter III)

Approach for threat identification

Identification of threats (existing/potential)

Evaluation of threats

Application of safeguards (refuse when there is no safeguard can be applied)



Identification of threats affecting fundamental principles (Chapter III)

- Self-interest threats
- Advocacy threats
- Familiarity threats
- Intimidation threats
- Adequacy risks

Identification of threats

Evaluation of threats

- Possibility of breach of fundamental principles
- Quantitative and qualitative elements
- Objective third party
- Evaluation of the level of influence

- Safeguards (study information regarding the bankrupt enterprises, cooperatives and associated parties; work conducted by IAs/supporting individuals, organizations within the recent 03 (three) years...)
- Developing the practicing environment (compliance with the principles, supervision of service quality...)

Safeguards (minimize threats)



Structure of chapters, language & some shortcomings/unclear matters of the Code

Stage of registration and resolution of requests for declaration of bankruptcy

Stage of initiation of bankruptcy proceedings

Ethical rules and fundamental principles for IAs to refuse/receive bankruptcy case?

Ethical and professional criteria for Judge to select and appoint IAs?

Ethical rules,
professional
conduct applied
in work
assignment of
IAs involved in a
bankruptcy
case?



GROUP DISCUSSION



- Chapter V: Asset management, business operation supervision of insolvent enterprises, co-operatives after decision on initiation of bankruptcy proceedings
- Chapter VI: Supervision of the execution of business recovery plans
- Chapter VII: Dealing with assets upon decision declaring insolvency of an enterprise or co-operative
- Chapter VIII: Other principles
- Appendices



Asset management, business operation supervision of insolvent enterprises, co-operatives after decision on initiation of bankruptcy proceedings (Chapter V)

Request for change of the legal representatives **Attend** creditors' meetings

Request to handle secured debts

Supervise the offset of contractual liabilities

Request the court to consider declaring invalid transactions

Request the Court to apply preliminary injunctive measures

measures

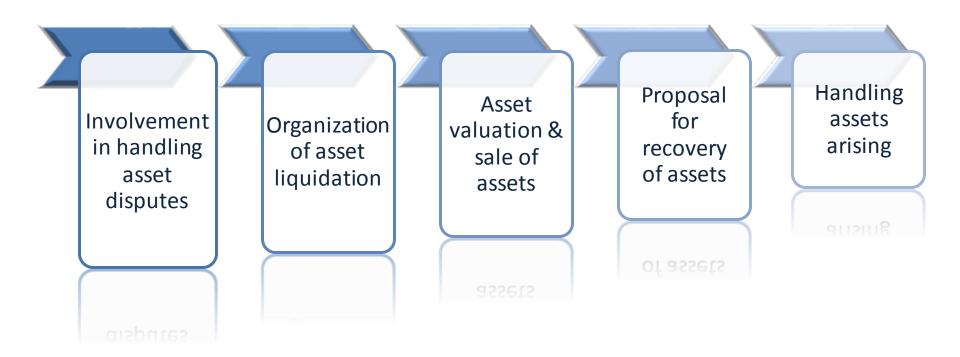


Supervision of the execution of business recovery plans (Chapter VI)

Supervision of the execution of business recovery plans Amendment, supplement business recovery plan



Dealing with assets upon decision declaring insolvency of an enterprise or co-operative (Chapter VII)





Other principles (Chapter VIII)

Fees of IAs

Record keeping and statistics









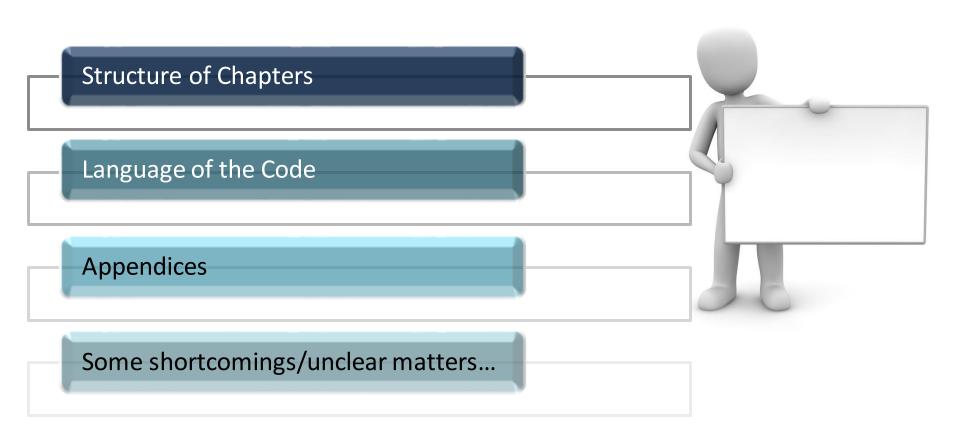
Appendices

Appendix I: Basic contents of a business recovery plan

Appendix II: Form of report on assets and liabilities of insolvent enterprises

Appendix III: Form of final report of bankruptcy case







Ethical rules and fundamental principles for IAs in supervising the operation of insolvent enterprises, cooperatives/supervising the execution of business recovery plans?





Ethical rules and fundamental principles for IAs in calculating the IA fees?

Ability of implementing template of reports, statistics, business recovery plans



SOME OTHER ISSUES

Method of handling secured debts in practice?

Methods of managing the amount from the sale of assets in practice (i.e. bank account)?

Liability insurance of IAs?



GROUP DISCUSSION



Thank you!



Finance & Markets World Bank Group