

LAW ON AMENDMENTS TO THE LAW ON ENFORCEMENT PROCEDURE

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Article 1

In the Law on Enforcement Procedure, ("Official Gazette of the Republic of Macedonia", No. 53/97), following Article 5, a new heading and a new Article 5-a are added, reading as follows:

"Delivery

Article 5-a

For legal entities registered with a particular court or other kind of registry, delivery is carried out at the address stated in the proposal. If the delivery at the address stated in the proposal fails, then the delivery shall be carried out at the address of the main office recorded in the registry. If the delivery at this address fails too, the delivery shall be carried out by posting the written document on the bulletin board of the court. It shall be considered that the delivery has taken place at the end of the eighth day after posting the written document on the bulletin board of the court.

Provisions of paragraph 1 of this Article also apply to individuals who perform certain registered activities (sole traders, notary publics, lawyers, physicians and craftsmen), if the delivery is carried out in relation to the activity.

If for some persons, based on their own request and upon an approval by the court president, the delivery is to take place at the court, then the written documents sent to the former by the court shall be placed for them inside a separate compartment of a specified court room. Delivery is carried out by a court official. Written documents delivered to P.O. boxes must not be made available to the addressees, prior to their signing the receipt. In case of mailed deliveries, written documents are delivered in sealed envelopes. When taking over a written document, all written documents left in the P.O. Box must be taken over, too.

Every written document delivered in the manner stipulated in paragraph 3 of this Article shall bear the date of its placing in the P.O. Box of the person for whom the delivery is carried out in such a manner. If the written document is not taken over within eight days, it shall be considered that the delivery has duly taken place.

In cases where this law stipulates for a delivery or any other action to be performed through a notary public, the delivery, i.e. the actions shall be performed in such a way that the notary public shall, at the request of an authorized person or body, via mail or directly, deliver the written document and prepare a relevant report and submit a transcript of the report to the court."

Article 2

In Article 7, paragraphs 2, 3, 4, 5, 6 and 7 are amended and shall read as follows:

"An enforcement order based on an authentic document may be appealed.

The appeal mentioned in paragraph 1 of this Article is filed within eight days from the date of delivering the first instance order, unless otherwise prescribed by this law.

A decision rejecting an appeal and confirming the first instance order, or altering a first instance order is effective.

No legal remedy may be used against the court resolution, unless otherwise prescribed by this law.

If appealing a court order is approved, the court shall, unless acting in compliance with Article 48, paragraph 1, hereof, reproduce the document (motion) and submit the transcript of the document (motion) containing the appeal to the appellate court.

The appeal mentioned in paragraphs 1 and 5 of this Article can not postpone the execution of the enforcement, unless otherwise prescribed by this law."

Article 3

In Article 11, the period following the word "law" is deleted and the following words are added: "or an international agreement ratified in accordance with the Constitution."

Article 4

In Article 14, paragraph 1, item 7, after the words: "court employee", the following words are added: "or a person authorized by the court".

Article 5

In Part two, section one, Chapter one, following the heading "Introductory Provisions" a new heading and a new Article 14-a are added, reading as follows:

"Grounds for Approval of Enforcement

Article 14-a

The court shall only approve enforcement on the basis of an executive or authentic document, unless otherwise prescribed by this law."

Article 6

In Article 15, item 2), following the word "obligation" a semicolon is inserted, while the conjunction "and" is deleted.

After item 2), a new item 3) is added, reading as follows:

"3) executive notary public's document;"

Item 3) becomes item 4)

Article 7

In Article 18, following paragraph 3, a new paragraph 4 is added, reading as follows:

"Based on settlement, part of which has become executive, enforcement may be approved for that part only."

Article 8

A new heading and a new Article 18-a are added after Article 18, reading as follows:

"Enforceability of a Notary Public's Document

Article 18-a

A notary public's document is an executive document, if it has become executive in accordance with a separate regulation governing the enforceability of such document.

On the basis of a notary public's document, part of which has become executive, enforcement may be approved for that part only."

Article 9

In Article 21, paragraph 1, the words: "of a legal entity" are deleted.

Following paragraph 2, a new paragraph 3 is added, reading as follows:

"An authentic document is appropriate for enforcement, if it specifies the creditor and the debtor, as well as the object, kind, scope and time of fulfillment of the obligation."

Paragraph 3 becomes paragraph 4

Article 10

Following Article 28, a new heading and a new Article 28-a are added, reading as follows:

"Statement of Evidence and Property Inventory of Evidence

Article 28-a

If objects the handing over or delivery of which is subject to enforcement are not found with the debtor, the debtor must, at the creditor's proposal, give a statement of evidence before the court on the whereabouts of the objects, i.e. that he/she does not have them, or does not know where they are.

If enforcement in collection of monetary claims fails inasmuch as objects which could be subject to enforcement have not been found with

the debtor, or such objects have been found to be evidently insufficient for settlement due to their insignificant value, or they are already encumbered with pledge of third parties, or they are demanded by other persons, the debtor must, at the creditor's proposal, submit to the court an inventory of his/her property as evidence.

The debtor is required to prepare and submit two copies of the property inventory of evidence, mentioned in paragraph 2 of this Article, together with the adequate attachments, to the court within the period of time that the court will define by the order mentioned in paragraph 8 of this Article.

In the inventory mentioned in paragraph 2 of this Article, the debtor must specify the following:

- 1) the whereabouts of individual objects constituting his/her property;
- 2) the whereabouts and ownership of others' objects, upon which he/she has certain property rights;
- 3) the person(-s) against whom he/she has a monetary or other kind of claim;
- 4) what other rights constitute his/her property;
- 5) whether he/she has monetary funds on his/her accounts and the location of the accounts;
- 6) whether he/she receives salary or pension and from whom, i.e. whether he/she has other permanent or temporary income and its origin and
- 7) whether he/she has any other property

In the inventory, mentioned in paragraph 2 of this Article, the debtor must also include data on the legal and actual grounds of his/her rights in relation to each part of the property mentioned in paragraph 4 of this Article, as well as on the evidence, and particularly on the supporting documents for such evidence. If necessary, the court may request that the debtor also present other data, based on which the property could be traced.

With regard to the statements, mentioned in paragraphs 1 and 2 of this Article, which the debtor shall sign before the court, he/she shall also acknowledge the truthfulness and completeness of the data presented and that he/she has not concealed any part of his/her property

The Minister of Justice shall prescribe the form of the statement, mentioned in paragraphs 1 and 2 of this Article.

The court decides upon the submission of a statement of evidence and property inventory of evidence by means of a decision, which will impose a suspended fine upon the debtor, in case he/she does not act in compliance with the court order

The statement of evidence is given at a public hearing before the court.

The court hearing will be held for inquiring into and confirming the property inventory of evidence, too.

The debtor and the creditor are summoned to the public hearing, mentioned in paragraphs 9 and 10 of this Article, while the announcement of the hearing is issued on the bulletin board of the court. Relevant minutes are prepared of such hearings.

If the debtor fails to appear at the hearings, mentioned in paragraphs 9 and 10 of this Article, for no particularly justifiable reason or he/she refuses to present a statement of evidence or a property inventory of evidence, the court will fine and threaten him/her of future fines to be imposed until the debtor acts in accordance with the court order.

Provisions of paragraph 1 through 12 of this Article shall apply appropriately to the responsible persons of a legal entity too, when the debtor is a legal entity.

With a purpose of collecting data on the property, the court may, at the creditor's proposal, hear other persons as witnesses, i.e. require that other persons and bodies state their opinions.

If the creditor renders the circumstances likely that in the meantime the reality of the matters has significantly changed, the court may reorder the debtor to submit a statement of evidence, i.e. property inventory of evidence, in accordance with this Article.

For giving incorrect or incomplete statements of evidence and property inventory of evidence, the debtor and the responsible persons of a legal entity, when the debtor is a legal entity, shall be held responsible as for giving a false statement at court proceedings.

The persons and bodies, mentioned in paragraph 14 of this Article, shall be held responsible for giving incorrect or incomplete statements as for a false statement at court proceedings.

A fine shall be imposed in accordance with the provisions of this law for taking actions which can only be taken by the debtor."

Article 11

In Article 38, paragraph 1, following the words: "the debtor's obligation" the following words are added: "arising from the executive, i.e. authentic document,".

A new sentence is added to paragraph 2, reading as follows:

"The enforcement order based on an authentic document, by which the enforcement proposal is approved, does not need to be explained and can be issued by stamping the enforcement proposal."

Article 12

Paragraph 2 of Article 39 is amended, reading as follows:

"An enforcement order against a monetary claim, issued on the basis of an executive document is also submitted to the debtor's debtor, if there is such, while the enforcement order against the resources on the debtor's

account, issued on the basis of an executive document is also submitted, before becoming effective, to the unit of the Payment Bureau, where such resources are recorded, as well as to other persons and bodies, if the execution of enforcement so requires."

Article 13

The heading under Chapter IV "**Debtor's Petition against an Enforcement Order**" and the subtitle "**Petition as a Sole Legal Remedy**", as well as Article 47 are amended and shall read as follows:

"Debtor's and Creditor's Legal Remedies against an Enforcement Order

1. Legal Remedies against an Enforcement Order Issued on the Basis of an Executive Document

Appeal

Article 47

A debtor may appeal an enforcement order within eight days, unless otherwise prescribed by this law.

The debtor may especially appeal if:

- 1) the document on the basis of which the enforcement order has been issued is not an executive document;
- 2) the executive document has not acquired the quality of enforceability;
- 3) the executive document on the basis of which the enforcement order has been issued is annulled, revoked, altered or otherwise rendered invalid, i.e. has otherwise lost its validity or it has been established that it has no validity;
- 4) the parties have agreed, by means of a public record or a document verified in accordance with the law, composed after the executive document has been produced, that the creditor shall not request enforcement based on the executive document, either permanently or for a certain period of time;
- 5) the time within which enforcement can be requested in accordance with the law has expired;
- 6) the enforcement has been directed against objects which have been exempted from enforcement, i.e. objects against which enforcement is limited;
- 7) the creditor is not authorized to request enforcement based on an executive document, i.e. unless he/she is authorized to request enforcement against the debtor on the basis of such document;
- 8) the requirement prescribed by the executive document has not been fulfilled, unless otherwise prescribed by law;
- 9) the claim has terminated on the basis of a fact occurring at the time when the debtor could no longer successfully present it during the procedure which produces the decision, i.e. if the claim has terminated on the basis of a fact occurring after the conclusion of a court or administrative agreement, or after the composing of a notary public's document;

10) on the basis of a fact occurring at the time when the debtor could no longer successfully present it during the procedure which produces the decision, or if on the basis of a fact occurring after the conclusion of a court or administrative agreement, or after the composing of a notary public's document, a permanent or temporary postponement, ban, alteration or any other means have prevented the fulfillment of the claim and

11) the claim that has been decided upon by the executive document has exceeded the period set by the statute of limitations.

With regard to the appeal, mentioned in paragraph 2 of this Article, the court, in line of duty, pays attention to the following:

1) circumstances of paragraph 2, items 1, 3 and 5 of this Article;

2) the circumstance, when in case of paragraph 2, item 6 of this Article, enforcement is directed against objects that are not marketed, or against other objects for which this issue is regulated by a separate law, as well as against claims based on taxes and

3) the circumstance, when in case of paragraph 2, item 10 of this Article, fulfillment of the claim is banned.

The creditor may rebut the enforcement order by appealing it, if such order exceeds his/her claim, or owing to the decision on the expenses.

The debtor's petition against the enforcement order does not postpone execution of the enforcement, unless otherwise prescribed by this law."

Article 14

The heading "**Jurisdiction**" and Article 48 are amended and shall read as follows:

"Deciding upon an Appeal

Article 48

Acting upon the petition against an enforcement order, the first instance court is authorized to approve it, if found that it is grounded, entirely or partially, to alter the issued enforcement order and reject the request for enforcement, or to annul the enforcement order and reject the proposal for enforcement, or to announce the court's own lack of jurisdiction and refer the case to the court of superior jurisdiction, unless otherwise prescribed by this law. In such case the first instance court will nullify the actions taken.

If the first instance court finds that the petition is groundless, it will refer the case to the appellate court (Article 7, paragraph 7).

With a purpose of investigating the justifiability of the allegations in the appeal, the first instance court may, if necessary, hear the parties and other participants and perform other investigations.

The order, mentioned in paragraph 1 of this Article, may be appealed and the first instance court does not have the jurisdiction arising from paragraph 1 of this Article over such appeal.

The justifiability of an appeal is assessed with regard to the reality of the matters at the time of deciding upon the appeal.

Article 15

The heading "**Grounds for Petition**" and Article 49 are amended and shall read as follows:

"Referring to Trial due to an Appeal

Article 49

If an appeal is submitted for reasons mentioned in Article 47, paragraph 2, items 7 and 9 through 11 of this law, the first instance court shall submit the appeal to the creditor for a reply within eight days. If the creditor denies the justifiability of such reasons, i.e. does not reply within eight days, the first instance court shall approve the appeal, if the debtor proves its justifiability by means of a public record or verified private document, i.e. if the facts upon which it rests are well known or they can be identified by the application of the rules of legal prerequisites. Otherwise, the first instance court shall produce a separate decision which will refer the debtor to, within 15 days, initiate a lawsuit for declaring disapproval of the enforcement.

At the lawsuit, mentioned in paragraph 1 of this Article, which the debtor is referred to, in relation to the appeal after the deadline expiry, the lawsuit rules are applied appropriately.

The fact that the debtor has been referred to a lawsuit, mentioned in paragraph 1 of this Article, or that the debtor has initiated it, does not prevent execution of the enforcement and fulfillment of the creditor's claim, unless otherwise prescribed by this law.

If the appeal submitted also includes other reasons, listed in Article 47, paragraph 2 of this law, the first instance court shall, if it finds that the appeal is not grounded in terms of such other reasons, without delay submit the transcript of the documents to the appellate court to decide upon the appeal and such other reasons (Article 7, paragraph 7)

If the debtor appeals the decision on referring to a lawsuit, the first instance court shall submit such appeal to the appellate court for parallel deciding upon that appeal and the appeal against the enforcement order."

Article 16

The heading "**Petition following the Expiration of a Time Limit**" and Article 50 are amended and shall read as follows:

"Appealing after the Expiry of a Deadline

Article 50

With regard to the reasons stated in Article 47, paragraph 2, items 7 and 9 through 11 of this Law the debtor may also appeal the

enforcement order after its validity period, unless otherwise prescribed in the subsequent provisions of this Article, on condition that due to another, exceptionally justifiable reason, such reason could not be presented later in the appeal against the court order, mentioned in Article 47, paragraph 2 of this law.

The appeal, mentioned in paragraph 1 of this Article, may be filed until the completion of the enforcement procedure.

The debtor is required that, when submitting the appeal mentioned in paragraph 1 of this Article, he/she present all the reasons stated in that provision, due to which he/she could not present it at the time of filing the appeal.

The debtor is required to present the reasons for the appeal which, for exceptionally justifiable reasons, could not be presented in the appeal, mentioned in Article 47, paragraph 2 of this law, i.e. the appeal, mentioned in paragraph 1 of this Article, through a separate motion in lieu of an appeal during the procedure regarding such appeals, until the issuance of the decision on referring to a lawsuit, and then during the lawsuit to which the debtor is referred to.

If the debtor does not initiate the lawsuit to which he/she has been referred to, then he/she will not be able to present the reasons, which for no particular reason he/she failed to present in the complaint until the expiry of the time period set for commencing a lawsuit, in a new appeal or a new lawsuit to which the debtor might be referred to.

With respect to the reasons which the debtor may no longer present at a lawsuit to which he/she has been referred to, due to the expiry of the time for commencing a lawsuit, or at a lawsuit the debtor has commenced, he/she may file a new appeal, if for exceptionally justifiable reasons he/she could not present them previously.

The court will reject an appeal which only specifies the reasons that the debtor has failed to present in the appeal, mentioned in Article 47, paragraph 2 of this law, for no particular reason, i.e. in a manner stipulated in the provisions of paragraphs 3 and 4 of this Article, while disregarding the reasons that the debtor failed to present in due time, with regard to the provision stipulated in paragraphs 3 to 5 of this Article, when deciding upon the appeal or complaint.

Filing of the appeal, mentioned in paragraph 1 of this Article, does not prevent execution of the enforcement and fulfillment of the creditor's claim, unless otherwise prescribed by this law."

Article 17

The heading "**Response to a Petition**" and Article 51 are amended and shall read as follows:

"Response to an Appeal

Article 51

The appeal, mentioned in Article 50 of this law is promptly submitted to the creditor, who can give a response within eight days."

Article 18

The heading "**Court Decision in Regard to a Petition**" and Article 52 are amended and shall read as follows:

"Decision Pertaining to an Appeal

Article 52

Upon receiving a response to an appeal, or when the response time has expired, the court shall, depending on the circumstances of the case, schedule a hearing for inquiring into the appeal or make a decision without scheduling a hearing, except in the cases contained in Article 53 of this law.

A court decision pertaining to the appeal will reject or approve the appeal, except in the cases contained in Article 53 of this law. If the appeal is approved, the court will annul the actions taken and discontinue enforcement.

The appeal's justifiability is assessed in terms of the reality of the matters at the time of deciding upon the appeal."

Article 19

The heading "**Referral to Trial or Other Procedure**" and Article 53 are amended and shall read as follows:

"Referring to Trial or Other Procedure due to an Appeal

Article 53

If a decision on the appeal, mentioned in Article 50, paragraph 1 of this law, depends on establishing a disputable fact, the court will refer the debtor to, within 15 days, initiate a lawsuit for declaring the enforcement disapproved, unless the debtor proves the justifiability of his/her appeal by means of a public record or verified private document, i.e. unless the justifiability of the appeal arises from well known facts or facts that can be identified by the application of the rules of legal prerequisites.

In case of the debtor's proving the justifiability of his/her appeal by means of a public record or verified private document, i.e. if the justifiability of the appeal arises from well known facts or facts that can be identified by the application of the rules of legal prerequisites, the court shall decide upon the justifiability of the appeal during the enforcement procedure. If the appeal is approved, the court will act in accordance with the provisions of Article 52 of this law, while if the appeal is not approved, the debtor will be referred to a lawsuit.

It is the debtor's duty that any and all reasons that he/she could present at a certain lawsuit, be presented on such lawsuit (Article 50, paragraphs 4 through 7).

If the debtor fails to act according to the provision of paragraph 3 of this Article, the court will reject the complaint and present the reasons the debtor might have presented on the previous lawsuit.

If by means of a valid verdict it has been determined that enforcement is not approved, a court having jurisdiction to decide upon the appeal, at the debtor's proposal, shall annul the actions taken and discontinue enforcement.

If enforcement on the basis of an enforcement order, which had been appealed in line with Article 50, paragraph 1 of this law, is executed prior to the completion of the first instance procedure during a lawsuit which the debtor has been referred to, the debtor may, until the completion of such procedure, without the consent of the creditor as the accused, alter the complaint, in such a way that the debtor shall require from the court to convict the creditor and order the latter to return what he/she has gained by the enforcement and to compensate for the damage thus suffered, including the costs for the enforcement, through which the creditor has settled his/her claim.

The debtor may initiate a separate lawsuit in order to exercise his/her right to a compensation for the damage suffered from illegal enforcement."

Article 20

In Part two, section one, Chapter four, before the heading "Court Order Petitioned on the Basis of an Authentic Document" a new heading is added, reading as follows:

"2. Legal remedies against an Enforcement Order Based on an Authentic Document" and Article 54 are amended and shall read as follows:

"2. Legal remedies against an Enforcement Order Based on an Authentic Document

Petition against an Enforcement Order Based on an Authentic Document

Article 54

The debtor may file a petition against an enforcement order based on an authentic document within eight days, while in bill of exchange and check disputes within three days, unless only the decision on the procedure expenses is rebutted. The reasons which, according to the provisions of Article 47 of this law, may be used in rebutting an enforcement order by means of an appeal may be applied by the creditor in rebutting an enforcement order based on an authentic document, in the part where the decision on enforcement is made, by means of a petition only.

The part of the enforcement order based on an authentic document, containing the decision on enforcement, may be petitioned by the debtor for the reasons stated in Article 50, paragraph 1 of this law, after the expiry of the deadline for submitting a petition, if such a petition is based upon a fact occurring after the issuance of the enforcement order.

The provisions of Article 50 through 53 of this law apply appropriately to the petition, mentioned in paragraph 2 of this Article, submitted after the expiry of the deadline.

Article 21

In the heading "**Procedure Following a Petition against an Order based on an Authentic Document**" and before the word "Order" the word: "Enforcement" is added.

Paragraph 3 of Article 55 is amended, to read as follows:

"If the enforcement order is rebutted only in the part which allows enforcement, the subsequent procedure shall continue as a procedure on an appeal against an enforcement order based on an executive document."

Paragraph 5 is amended and shall read as follows:

"A petition against an enforcement order must be explained."

Article 22

In Article 57, paragraph 1, the period at the end of the sentence is replaced by a comma and the following words are added:

"unless the petitioner proves his/her petition's justifiability by a valid verdict or another public record or verified private document, i.e. unless the facts which the third party's petition is based on are well known or can be identified by the application of the rules of legal prerequisites".

Following paragraph 1, a new paragraph 2 is added, reading as follows:

"If the petitioner proves his/her petition's justifiability by a valid verdict, public record or verified private document, i.e. if the facts the petition is based on are well known or can be identified by the application of the rules of legal prerequisites, the court will decide upon the petition during the enforcement procedure."

Paragraphs 2, 3 and 4, become paragraphs 3, 4 and 5.

Article 23

Paragraph 3 of Article 58 is amended and shall read as follows:

"The person, mentioned in paragraph 1 of this Article, whose part of the object, being an enforcement object, is protested, will be referred to a lawsuit by the court, in order to determine his/her part through a complaint against the creditor, as well as against the debtor, if the debtor protest such person's right, unless such person can prove his/her right at an enforcement procedure by means of a valid verdict, public record or verified private document made identical to a public record."

Following paragraph 3, two new paragraphs 4 and 5 are added, reading as follows:

"If the person, mentioned in paragraph 1 of this Article, can prove his/her right by a valid verdict, public record or verified private document made identical to a public record, the court will act as if his/her right has not been protested.

The fact that, during the enforcement procedure, the court has assumed that the right of the person, mentioned in paragraph 1 of this Article, has not been protested in relation to the provisions of paragraphs 3 and 4 of this Article, has no influence on the right of the creditor or the debtor to exercise their rights against that person through a separate lawsuit."

Paragraph 4 becomes paragraph 6.

Article 24

Item 6) of Article 63, paragraph 1, is amended and shall read as follows:

"6) the debtor has appealed the enforcement order or submitted a petition, i.e. complaint against it;".

Article 25

Paragraph 4 of Article 80 is amended and shall read as follows:

"A party may, within eight days from the date of performing the appraisal, propose to the court that the latter issue a resolution to set a lower, i.e. higher price than the appraised one for the objects inventoried, or schedule a new appraisal."

Paragraph 5 is deleted.

Article 26

In part two, section two, after Chapter ten, a new heading ten-A is added, reading as follows: **"Enforcement against Shares without Issued Share Certificates and Enforcement against Shares in a Trading Company"** and five new subtitles 137-a, 137-b, 137-c, 137-d and 137-e are added, reading as follows:

"Chapter ten-A

Enforcement against Shares without Issued Share Certificates and Enforcement against Shares in a Trading Company

Local Jurisdiction

Article 137-a

Local jurisdiction in deciding upon a proposal for enforcement against shares without issued share certificates, i.e. shares in a trading company and execution of such enforcement belongs to the court in the territory of which the main office of the joint stock company or other type of a trading company is located.

Enforcement activities

Article 137-b

Enforcement against shares without issued share certificates is executed by seizure of the shares, their appraisal and sale and satisfying the creditor.

Enforcement against shares in a trading company is executed by seizure of the shares, their appraisal and sale and satisfying the creditor.

Seizure of shares

Article 137-c

Seizure of shares without issued share certificates is performed by submitting an enforcement order to the joint stock company keeping record of such shares. By the seizure, the creditor acquires pledge over the shares.

The joint stock company, mentioned in paragraph 1 of this Article, is required to enter into the share registry that the **SHARES ISSUED TO INDIVIDUALS** have been seized, on the same day when the enforcement order is submitted to the joint stock company. It shall immediately advise the court on the entering, i.e. the reasons of its failing to do so. The joint stock company is not entitled to an appeal against the enforcement order.

Upon the submission of the enforcement order, the joint stock company, mentioned in paragraph 1 of this Article, may not, in relation to the shares seized, make any entries into the shares registry based on the debtor's disposals. It shall immediately advise the court on any changes with regard to the shares seized, particularly on the mandatory enforcement pertaining to collection of another claim or securing such claim.

The joint stock company, mentioned in paragraph 1 of this Article, is responsible for the damage that the creditor might suffer, due to the company's failing to act in accordance with the provisions of paragraphs 2 and 3 of this Article. Members of the management and other responsible persons of the joint stock company are particularly responsible for the damage. The enforcement order shall include a warning regarding the responsibility of the joint stock company, the management members and other responsible persons of such company. The creditor may, until the completion of the enforcement procedure, request from the court to, within such procedure, decide upon the creditor's request for damage compensation. Based on a valid decision on a request for damage compensation, the creditor may demand mandatory enforcement against the joint stock company, its management members and other responsible persons. Upon the completion of the enforcement procedure, the creditor may exercise his/her right to damage compensation by means of a complaint.

If the court deems it necessary, it may, at the creditor's proposal, threaten the Joint Stock Company and company management members with a fine, should they fail to act in accordance with the provisions of paragraphs 2 and 3 of this Article.

The debtor is forbidden to handle the seized shares. A warning related to such ban shall be included into the enforcement order.

The provisions of Article 98 of this law shall also apply in an appropriate way to enforcement against shares without issued share certificates.

The court may issue a resolution ordering the joint stock company to grant a law-enforcement officer an insight into the shares registry and other company documents. A joint stock company, management members and other responsible persons preventing or hindering enforcement ordered by the court, may be fined in accordance with the stipulations of this law. The court shall take the necessary measures in order to maintain secrecy of the data collected, in compliance with the rules on keeping a business secret.

A fine is imposed, according to the provisions of this law, for performing an action that can only be performed by the debtor.

Appraisal and Sale of Shares and Satisfying the Creditor

Article 137-d

The seized shares may be sold on a public sale or over a direct agreement. The shares are sold over a direct agreement by a law-enforcement officer or a person authorized to sell shares, to whom the court has entrusted the sale. The law-enforcement officer and the person authorized to sell shares, conclude a contract for sale of shares on behalf of the debtor, based on a resolution of the court that has authorized them accordingly.

If the shares are sold on a public sale or a over a direct agreement, they shall previously be appraised. A law-enforcement officer sets the market value of the shares through an expert or authorized appraiser. A person authorized to sell shares who has been entrusted with the sale of shares merely sets the price at which he/she shall sell the shares, taking into account the market conditions.

The appraisal, setting of the selling price and the sale of shares, as well as satisfying the creditor are carried out by appropriate application of the provisions of this law pertaining to movable property.

Enforcement against Shares in a Trading Company

Article 137-e

The provisions of Articles 137-c and 137-d of this law apply appropriately to the enforcement in a trading company, too."

Article 27

The heading " Tenancy Right [Right to Occupy an Apartment]" before Article 149 and Article 149 are deleted.

Article 28

In article 150, following paragraph 2, two new paragraphs 3 and 4 are added, reading as follows:

"Leases entered after submitting the proposal for enforcement by selling the subject real estate, do not produce legal effects. In such a case, the lessee is required to immediately vacate the apartment house or the apartment, the office building or the office.

If the lessee fails to act in accordance with paragraph 3 of this Article and does not vacate the apartment house or the apartment, the office building or the office, the court shall, at the buyer's proposal, enforce vacating in compliance with the provisions on vacating and handing over real estate (Articles 213 – 216)."

Article 29

The heading "**Order for Determining the Value**" before Article 154 and Article 154 are amended, to read as follows:

"Resolution on Determining Value"

Article 154

The court will determine the value of a real estate by a resolution within eight days after receiving the expert's appraisal.

The resolution, mentioned in paragraph 1 of this Article, may be appealed by both the debtor and any other person entitled to satisfaction from the sale price of the real estate.

A first instance court's panel of judges shall, within eight days, decide upon the appeal, mentioned in paragraph 2 of this Article."

Article 30

In Article 156, paragraph 1, the word "order" is replaced by the word "resolution".

Article 31

In Article 214, following paragraph 1, a new paragraph 2 is added, reading as follows:

"The enforcement, mentioned in paragraph 1 of this Article, is executed against all individuals and objects found at the real estate at the moment of execution of the enforcement."

Paragraph 2 becomes paragraph 3.

Article 32

In Article 219, paragraph 2, the amount of "4,500.00" is replaced by the amount of "20,000.00", while the amount of "15,000.00" is replaced by the amount of "80,000.00" and the period at the end of the sentence is deleted and the following words are added: "and the responsible person of the legal entity up to 20,000.00 denars."

Following paragraph 5 a new paragraph 6 is added, reading as follows:

"If the fine can not be imposed, the court which conducts the enforcement procedure, shall replace it with imprisonment, in accordance with the valid rules of the penal law."

Paragraph 6 becomes paragraph 7.

Article 33

In Part three, following Chapter twenty three, a new Chapter twenty three-A is added, reading as follows: **"Security by Means of Transfer of Ownership of Objects and Transfer of Rights"** and six new subtitles and six new articles 252-a, 252-b, 252-c, 252-d, 252-e and 252-f are added, reading as follows:

"Chapter twenty three -A

Security by means of Transfer of Ownership of Objects and Transfer of Rights

Local Jurisdiction

Article 252-a

The court of local jurisdiction in deciding upon a proposal for securing a monetary claim by means of transfer of ownership of objects and transfer of rights is determined by appropriate application of the provisions of this law on the local jurisdiction of a court over enforcement procedures for settlement of monetary claims in certain kinds of enforcement cases.

Security by means of Transfer of Ownership and Transfer of Rights

Article 252-b

One or both of the parties may request that the court schedule a hearing and enter into the minutes of that hearing their agreement for securing a monetary claim of the creditor, whereby transferring to the creditor ownership of some debtor's object, or, for the same purpose, transferring to the creditor certain debtor's right. The agreement should include a provision on the time of the secured claim's becoming due, i.e. on the manner of determining its becoming due. The debtor may also be a person against whom the creditor does not have a secured claim.

The agreement, mentioned in paragraph 1 of this Article, may refer to securing non-monetary claims, but in that case the agreement shall set the equivalent monetary value of such claim. Upon the non-monetary claim's becoming due, the creditor may choose to demand enforcement of mandatory settlement of the non-monetary claim or, based on the provisions of this chapter, exercise his/her right, as if the transfer of ownership of objects or transfer of rights has been carried out for securing the equivalent monetary value of the non-monetary claim.

The minutes, mentioned in paragraph 1 of this Article, have the effect of a court settlement.

If the agreement, mentioned in paragraph 1 of this Article, provides transfer of ownership of real estate registered in a public registry, the

agreement shall also contain the debtor's statement regarding his/her consent for such transfer to be immediately carried out in the public registry, based on the agreement.

On the basis of the minutes, mentioned in paragraph 1 of this Article and the debtor's statement, mentioned in paragraph 4 of this Article, the parties may request transfer of the right to ownership of the real estate, registered in the public registry, with a note that the transfer is carried out as security.

The creditor becomes the owner of the real estate, which has not been registered in a public registry, i.e. of the movables, by signing the minutes, mentioned in paragraph 1 of this Article.

A debtor's statement may also be entered into the minutes, mentioned in paragraph 1 of this Article, with his/her consent that, based immediately on such minutes, the creditor may demand mandatory enforcement against him/her, for handing over the real estate, i.e. movables in custody after the secured claim is due. The minutes containing such statement is an executive document.

It shall be considered that the transfer of a right has been carried out upon signing the minutes, mentioned in paragraph 1 of this Article.

With regard to the transfer of ownership of the real estate not registered in a public registry and the movables, as well as with regard to the transfer of rights, an announcement will be published in "The Official Gazette of the Republic of Macedonia", with an indication of the announcing court, case number, the parties, the real estate or movables to which the ownership right is transferred, i.e. the rights transferred, as well as a notice that the transfer is carried out as security. The real estate, movables, i.e. rights will be so marked as to enable identification of their sameness without difficulties.

Other Transfer Activities

Article 252-c

Unless otherwise stipulated in the agreement, mentioned in Article 252-b, paragraph 1 of this law, the debtor is authorized to proceed using the object the ownership of which has been transferred to the creditor, and the creditor is not authorized to dispose of or encumber the object.

If the creditor disposes of or encumbers the object, despite his/her not being authorized to do so, such disposing of or encumbrance is valid according to the agreement, mentioned in Article 252-b, paragraph 1 of this law but the creditor shall be responsible to compensate the damage thus done to the debtor.

If in the case, mentioned in paragraph 2 of this Article, the creditor disposes of an object, he/she shall have to pay the sales tax for the transfer of the right to ownership of the objects from the debtor to him/herself. The tax payment time will be counted from the date of disposing of the object.

Unless otherwise stipulated in the agreement, mentioned in Article 252-b, paragraph 1 of this law, the creditor is required to:

- 1) take necessary measures to preserve the transferred claim;
- 2) collect interests or any other kinds of occasional claims. Thus, the amounts collected shall be used to settle the expenses, the compensation of which is the creditor's right, as shall be the interests payable and the principal and
- 3) collect the transferred claim, i.e. receive settlement, upon the claim's becoming due. With the settlement of the transferred claim, the creditor acquires ownership of the objects, through the handover settling the claim. If the object of transferred claim is money, the creditor shall, at the debtor's request, hand the collected amount to the court or a notary public, or if his/her security of the claim is already due, the creditor may retain the owed amount of money and hand the balance to the debtor.

Unless otherwise stipulated in the agreement, mentioned in, paragraph 1 of this law, the creditor is not authorized to dispose of or encumber the transferred right. If, however the creditor disposes of or encumbers the right, such disposing of or encumbrance is valid, but the creditor shall be responsible for the damage thus done to the debtor. A creditor who disposes of a right, without being so authorized by the agreement, mentioned in paragraph 1 of this Article, shall have to pay the sales tax for the transfer of the right from the debtor to him/herself, if such tax is payable.

The debtor of a claim transferred to the creditor as security, may present to the creditor the petitions which, in case of a transfer of the claim, the debtor of such claim might present to the beneficiary.

The sales tax regulations on real estate, i.e. movables shall not apply to a transfer of ownership used as security and to the restitution of property upon settlement of the creditor's claim. The same applies to the transfer and restitution of a right.

The fact of disposing of or encumbering objects or rights, to which the creditor has not been legally authorized, does not exclude creditor's penal responsibility, whether being an individual, or a responsible person of a legal entity – the creditor, for abuse of trust.

Right to Restitution of Ownership or Right – THIRD-PARTY CLAIM

Article 252-d

If the debtor has fulfilled his/her obligation to the creditor in due time, the creditor shall, without delay, return to the debtor the right to ownership of objects, or transfer back the acquired right.

In case of mandatory enforcement or receivership against the creditor, the debtor has the right to a THIRD-PARTY CLAIM over the objects and rights he/she has transferred to the creditor as security, unless enforcement is executed for settlement of a claim by a third party against the creditor, which claim is secured by the creditor through establishing pledge over the objects or rights transferred.

Creditor's Right in Case of a Delay on the Part of the Debtor

Article 252-e

If the debtor is late in fulfillment of the secured claim, the creditor is authorized to demand from the debtor to, through a notary public, within 15 days, notify the creditor, and also to demand for the object to which the right to ownership is transferred to be sold or for the right transferred to be converted to money, through mediation of a notary public.

In the notification, mentioned in paragraph 1 of this Article, the debtor shall set the lowest price for the object to be sold, i.e. for the right to be converted to money, indicate the notary public who will execute the sale of objects, i.e. conversion of the right to money and attach his/her statement containing consent for the sale, i.e. conversion to money and pay in advance the expenses of such sale or conversion to money, as well as acceptance of the amount obtained at the sale, i.e. conversion to money, then of beforehand settlement of the creditor's claim with the interests and expenses, and the sales tax.

The lowest price set by the debtor may not be lower than the secured claim, increased by the foreseen interests and creditor's expenses to be due, i.e. mature until the expiration of the time by which the notary public must sell the object or convert the right to money, as well as by the foreseen sales tax.

Upon receiving the notification with the attachments, mentioned in paragraph 2 of this Article, the creditor shall, within 15 days, authorize the notary public, mentioned in paragraph 2 of this Article, to sell the object or convert the right to money, in accordance with the conditions determined in the debtor's notification. The creditor shall take all the other actions, as required by the notary public, to enable inspection of the objects, i.e. becoming familiar with the contents of the right. Otherwise, he/she will be responsible to the debtor for damage.

If the notary public fails to sell the object, i.e. convert the right to money within three months from the date of being authorized by the creditor to do so, it shall be considered that the debtor has waived the right to claim sale of the objects, i.e. conversion of the right to money.

If the debtor fails to act in accordance with the provisions of paragraphs 1 and 2 of this Article, i.e. if the notary public fails to sell the objects, or convert the right to money, in compliance with the provisions of paragraph 4 of this Article, it shall be considered that the creditor has become a lawful owner of the objects, i.e. lawful holder of the rights transferred to him/her, at the price corresponding to the amount of the secured claim, along with the interests and expenses, as well as the sales tax, unless the creditor, within 15 days from the expiry of the time, mentioned in paragraph 1 of this Article, notifies the debtor, through the notary public, of his/her wish not to retain the objects, i.e. the right instead of payment of the secured claim.

If in the case, mentioned in paragraph 5 of this Article, the creditor becomes owner of the objects, i.e. holder of the right, it shall be considered that the secured claim is settled when the creditor becomes owner, i.e. holder of the right.

If the creditor notifies the debtor of his/her wish not to retain the objects or the right instead of payment of the secured claim, he/she is authorized to satisfy his/her claim against the debtor, irrespective of the authorizations he/she has in compliance with that provision.

If the creditor notifies the debtor of his wish not to retain the object, or the right instead of payment of the secured claim, he/she is authorized to sell the object or convert the right to money on his/her own, either through a notary public or persons authorized to sell objects, i.e. convert rights to money. At the sale of objects or conversion of the rights to money, the creditor shall act carefully in a manner of a good businessperson and account for doing so to the debtor. If by such sale of objects or conversion of the rights to money, the creditor fails to fully settle his/her claim, he/she is authorized to demand enforcement from the debtor, based on the minutes, mentioned in Article 252-b of this law, for settlement of the balance of his/her claim.

The times for reporting the transfer of the right to ownership, i.e. rights related to sales tax payment are counted as follows:

1) in case of paragraph 3 of this Article from the day on which the notary public's sells the object, i.e. converts the right to money;

2) in case of paragraph 5 of this Article from the day on which the creditor becomes the owner, i.e. holder of the right and

3) in case of paragraph 8 of this Article from the day on which the notary public, i.e. persons authorized for sale of objects or conversion of rights to money, sell the object or convert the right to money.

If the creditor settles his/her claim in a different fashion, and not as stipulated in the provisions of paragraphs 3, 5 and 8 of this Article, he/she shall return the object, i.e. the right to the debtor without delay. In case of partial settlement of the claim, the creditor shall, if possible, return some of the objects, or part of the right to the objects, i.e. the right or part of the right to the debtor.

Appropriate Application of the Provisions of this Chapter to Transfer of Stocks, i.e. Shares of a Trading Company

Article 252-f

The provisions of this Chapter apply appropriately to the transfer of shares without issued share certificate, i.e. shares with issued share certificate, as well transfer of shares in trading companies.

Stocks and shares are transferred by concluding the agreement, mentioned in Article 252-b, paragraph 1 of this law. The court will immediately notify the trading company on every transfer, thus enabling for the transfer to be recorded in the corresponding books of the company, with a remark that the transfer has been carried out as security.

Unless otherwise prescribed in the agreement, mentioned in Article 252-b, of this law, the transfer of stocks, i.e. shares as security shall not deprive the original shareholder from the right to vote or have share in the profit, as long as the creditor is not a lawful holder of the stocks, i.e. shares,

i.e. as long as the stocks or shares are not sold, or disposed of in another way."

Article 34

Item 2 of Article 267, paragraph 1 is amended, to read as follows:

"2) a ban on the debtor to dispose of or encumber his/her own real estate or actual rights to the real estate, registered in his/her favor, by making a note on the ban in a public registry, or to rent them;"

Following item 2) a new item 3) is added, reading as follows:

"3) ban on the debtor to sell stocks and shares;"

Items 3) and 4) become items 4) and 5).

Article 35

The actions related to enforcement proposals brought before a court until this law's entering into force, will be completed in compliance with the Law on Enforcement Procedure ("Official Gazette of the Republic of Macedonia", no. 53/97).

Article 36

This law shall enter into force on the eighth day from the day of its publishing in "The Official Gazette of the Republic of Macedonia".