

## Investigating the Concept and Standards of Bank Insolvency in US and Iran Law

*Khadije Shirvani\**

*Mohammad Issaei Tafreshi\*\**

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### Abstract

Insolvency in the legal sense means that, the debtor, owing to the value of his assets and assets, he is not able to pay his debts at the maturity of the debt. In American law, the bank's rules and regulations for insolvency are different from the rules on corporations. In the case of banks, regulators do not expect the bank, based on what is common in corporates bankruptcy law, unable to pay its debts to declare its insolvency and declare it according to the standards provided by the law. Meanwhile, in Iran's law, according to the silence of the monetary and banking act of the country, the concept and criteria for the bankruptcy of traders and other legal entities are also applied for banks. However, the Iranian legislator, considering the particular position of banks in the economy, should explain the concept of insolvency to banks in order to allow regulators to decide on bankruptcy before the bank is unable to pay off its debts.

**Keywords:** Insolvency; Bank; Cash Insolvency; Balance Sheet Insolvency; Regulatory Insolvency.

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\* Assistant Professor, Department of Law, Faculty of Humanities, Damghan University, Semnan, Iran. (Corresponding Author).  
Email: khadije.shirvani@yahoo.com

\*\* Full Professor of private law, Tarbiat Modarres University, Tehran, Iran  
Email: Tafreshi@modares.ac.ir



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