

Federal Decree-Law No. (9) of 2016
concerning Bankruptcy

We, Khalifa bin Zayed Al Nahyan, President of the United Arab Emirates,

Having Reviewed:

- The Constitution;
- Federal Law No. (1) of 1972 Regarding the Competences of Ministries and the Powers of Ministers, as amended;
- Federal Law No. (10) of 1980 Concerning the Central Bank, Monetary System and Regulation of Banking Profession, as amended;
- Federal Law No. (5) of 1985 Issuing the Civil Transactions Law, as amended;
- Federal Law No. (3) of 1987 Issuing the Penal Code, as amended;
- Federal Law No. (10) of 1992 Issuing the Law of Evidence in Civil and Commercial Transactions, as amended;
- Federal Law No. (11) of 1992 Issuing the Civil Procedure Code, as amended;
- Federal Law No. (35) of 1992 Issuing the Criminal Procedure Law, as amended;
- Federal Law No. (18) of 1993 Issuing the Commercial Transactions Law;
- Federal Law No. (1) of 2006 On Electronic Commerce and Transactions;
- Federal Law No. (4) of 2004 Regarding the Free Financial Zones;
- Federal Law No. (6) of 2007 Establishing the Insurance Authority and Regulating its Activities, as amended;
- Federal Law No. (7) of 2012 Concerning the Regulation of the Experts Profession Before Judicial Authorities;
- Federal Law No. (2) of 2015 on Commercial Companies; and
- The proposal of the Minister of Finance and the approval of the Cabinet,

Hereby issue the following Decree-Law:

Part One

Definitions and Applicability

Article (1)

In application of the provisions of this Decree-Law, the following words and expressions shall have the meanings assigned thereto respectively, unless the context requires otherwise:

- State** : The United Arab Emirates.
- Minister** : The Minister of Finance.
- Court** : The competent Court in accordance with the rules of jurisdiction set forth in the Civil Procedure Code.
- Competent Regulatory Authority** : The federal government or local regulatory authority determined by a resolution of the Cabinet.
- Debtor's Debts** : Debts owed by the debtor at the issuance date of the Court's decision initiating the proceedings in accordance with the provisions of Part III or Part IV of this Decree-Law or those arising from the obligation incurred by the debtor prior to the issuance of the decision initiating the proceedings.
- Debtor's Assets** : Elements listed in the credit side of the debtor's estate at the date of the issuance of the decision initiating the proceedings or during any of the proceedings set out in this Decree-Law.
- Debtor's Business** : Activities that were practiced or are being practiced by the debtor during taking any of the proceedings set forth in this Decree-Law.
- Debit Estate** : The case where the debtor's assets do not cover, at any time, the liabilities.
- Cessation of Payment** : The debtor's failure to pay any debt when due.

Free Zone	: Any free zone existing or to be established within the State under any federal or local legislation.
National Currency	: the UAE dirham.
Stakeholder	: Any natural or legal person who has a right to or an interest in any of the proceedings set forth in this Decree-Law.
Exchange Rate	: The rate at which the UAE dirham may be exchanged for foreign currencies as declared by the Central Bank of the United Arab Emirates.
Precautionary Measures	: Any necessary measures taken by the Court in order to keep or administer the debtor's assets safely and in accordance with the provisions of this Decree-Law.
Working Day	: Any official working day in the State.
Roster of Experts	: The roster of certified experts of financial reorganization and bankruptcy affairs in accordance with Federal Law No. (7) of 2012 referred to.
Emergency Financial Crisis	: A public event that affects trade or investment in the State such as the outbreak of an epidemic, a natural or environmental disaster, war or others. Cause and duration of said crisis shall be determined by a Cabinet Resolution based on the proposal of the Minister.

Article (2)

The provisions of this Decree-Law shall apply to the following:

1. Companies subject to the provisions of the Commercial Companies Law;
2. Companies not established in accordance with the provisions of the Commercial Companies Law, which are partially or fully owned by the federal or local government

and whose articles of association and memoranda of association provide for that they shall be subject to the provisions of this Decree-Law;

3. Companies and institutions established in free zones, which are not subject to special provisions governing the proceedings of composition, restructuring and bankruptcy therein, subject to the provisions of Federal Law No. (8) of 2004 Regarding the Free Financial Zones;
4. Any individual having the capacity of a "trader" in accordance with the law;
5. Licensed civil companies with professional character.

Part Two

Financial Reorganization

Article (3)

1. A standing committee to be known as the "Committee of Financial Reorganization" shall be formed under a resolution to be issued by the Cabinet, upon a proposal submitted by the Minister.
2. The resolution issued by the Cabinet referred to in Clause (1) of this Article shall determine the work system of the Committee and the executive and procedural rules that enable it to exercise its competences. The Committee may seek the assistance of experienced and competent persons as it deems appropriate.

Article (4)

The Committee shall have the following competences:

1. To supervise the administration of the financial reorganization of the establishments licensed by the Competent Supervisory Authorities, in order to facilitate amicable agreement between the Debtor and its creditors, with the assistance of one or more expert(s) to be appointed by the Committee for this purpose in accordance with the conditions and procedures stipulated in the Cabinet Resolution referred to in Paragraph (2) of Article (3) of this Decree-Law.

2. Approving the list of experts of financial reorganization and bankruptcy to perform any tasks assigned to them in accordance with the provisions of this Decree-Law, in coordination with the Ministry of Justice or the local authority in the emirates having the local judiciary, and approving the conditions and procedures of enrollment in the Roster of Experts.
3. Setting a schedule of fees of the experts to be appointed and any costs they incur due to the financial reorganization proceedings. The expert appointed for the financial reorganization proceedings shall, within the limits of what he does to perform the mission entrusted to him, be treated as a public employee.
4. Establishing and preparing a register for persons against whom judicial judgments have been passed, whether in respect of imposing any restrictions ordered by the Court or their incompetency in accordance with the provisions of this Decree-Law. The Committee shall issue a resolution to determine the register's form, the data to be included therein, the persons who are entitled to have access to the register, the conditions for such access, and other related provisions.
5. Submitting periodic reports to the Minister on its activities, achievements and proposals for the purpose of enabling it to carry out the tasks assigned thereto under this Decree-Law.
6. Any other competences set forth in this Decree-Law or entrusted thereto by the Cabinet.

Part Three

Composition in Bankruptcy

Chapter One

Submitting and Deciding on Applications

Article (5)

Composition proceedings set forth in this Part aims at assisting the debtor to reach a settlement with creditors pursuant to a scheme of composition under the supervision of the Court and with the help of a trustee to be appointed in accordance with the provisions of

this Part.

Article (6)

1. The debtor may solely submit to the Court an application for composition if he faces financial difficulties requiring assistance to reach settlements with his creditors.
2. In order to accept the application for composition, the debtor shall not have ceased to pay due debts for a period of more than (30) consecutive working days because of the instability of the debtor's financial position, or in case of a debit estate.

Article (7)

The debtor's application for composition shall cause the suspension of the performance of the obligation thereof set out in Article (68) of this Decree-Law, during the period from the date of the application submission and the issuance of the Court decision on acceptance or rejection of initiating the composition proceedings, and the suspension shall continue, in case the application is accepted, throughout the period of such proceedings.

Article (8)

If the debtor is subject to a competent regulatory authority, the debtor may apply for composition, provided that the debtor notifies the competent regulatory authority in writing ten (10) working days prior to the date of application submission, and the competent regulatory authority may provide any related documents or pleas to the Court.

Article (9)

1. The application for composition, which shall contain the reasons therefor shall be submitted to the Court and the following documents shall be attached to the application:
 - A. A memorandum containing a brief description of the economic and financial position of the debtor, information about his assets in addition to detailed data on his employees.
 - B. A certified copy of the commercial, industrial or professional license of the debtor and

his commercial or professional register issued by the competent licensing authority in the emirate.

- C. A copy of commercial books or financial statements relating to the debtor's business for the fiscal year preceding the submission of the application.
 - D. A report containing the following:
 - a. The debtor's cash flow forecasts and the profit and loss forecasts for the period of (12) twelve months following the submission of the application.
 - b. A statement of the names of known creditors and debtors, their addresses, the amount of their rights or their debts and securities provided to them, if any.
 - c. A detailed statement of the debtor's movable and immovable assets, the approximate value of each of such assets at the date of the application submission, and any securities or rights of others arising therefrom.
 - E. Composition proposals and guarantees of implementation.
 - F. Nomination of a trustee nominated by the debtor to take the proceedings in accordance with the provisions of this Decree-Law.
 - G. If the application is submitted by a company, the application shall be accompanied with a copy of the decision of the competent authority in the company authorizing the applicant to submit an application for taking the composition proceedings, and a copy of the company's incorporation documents and any amendments thereto which are deposited with the competent authority in the emirate.
 - H. A report issued by the authority concerned with credit information in the State.
 - I. Any other documents supporting the application.
2. If the applicant fails to provide any of the data or documents required pursuant to the provisions of Clause (1) of this Article, the applicant shall mention the reasons in the application.

Article (10)

1. The Court hearing the application for composition may decide, at the request of any stakeholder or on its own initiative, to take the necessary measures to preserve or

administer any of the debtor's assets, including sealing the premises of the debtor's business until deciding on the application.

2. The Court may decide to proceed with any measures of this kind or decide to take any additional precautionary measures after accepting the application for composition.

Article (11)

The Court shall ensure that the application contains all the supporting documents, and it may grant the debtor a time limit to provide any additional data or documents supporting his application.

Article (12)

The debtor shall file with the Court's treasury, a sum of money or a bank guarantee in the manner and at the date specified by the Court to cover the expenses and costs of the composition proceedings, including the fees and expenses of the trustee and any expert to be appointed.

Article (13)

1. The Court may appoint one of the experts enrolled in the Roster of Experts or any expert other than those enrolled therein if the Court fails to find the person having the required experience.
2. The appointed expert shall prepare a report on the debtor's financial position, including his opinion on the fulfillment of the necessary conditions to accept the application for initiating the composition proceedings and shall state whether or not the debtor's assets are sufficient for the composition.
3. The Court shall determine the duties and fees of the expert and the period during which he shall submit the report, provided that it is not more than twenty (20) working days from the date of notifying him of the appointment decision.
4. The provisions contained in Articles (19) and (20) of this Decree-Law shall apply to the

expert.

Article (14)

1. The Court shall decide on the application for composition, without requiring the attendance of the litigants, within no more than five (5) working days from the submission date of the application satisfying the conditions thereof or from the date of filing the expert's report, as the case may be.
2. If the Court accepts the application, it shall decide to initiate the composition proceedings.

Article (15)

The Court shall reject the application for composition in the following cases:

1. If the debtor is subject to the proceedings of composition, restructuring or bankruptcy and liquidation of his assets in the State in accordance with the provisions of this Decree-Law.
2. If the debtor fails to provide the documents and data provided for in Articles (9) and (11) of this Decree-Law, or provides incomplete documents and data without justification.
3. If it is proved that the debtor acts in bad faith or the application constitutes an abuse of litigation process.
4. If a final judgment of conviction of one of the crimes set forth in Part VI of this Decree-Law or any crime of fraud, theft, dishonesty or embezzlement of public funds is entered against the debtor unless the debtor has been rehabilitated.
5. If the Court finds that the composition proceedings are not appropriate for the debtor based on the data and documents submitted with the application or based on the report prepared by the expert in accordance with the provisions of Clause (2) of Article (13) of this Decree-Law.
6. If the Court decides to initiate the bankruptcy proceedings in accordance with the provisions of Part IV of this Decree-Law.
7. If the debtor does not deposit the required amount or does not provide the required

bank guarantee, in accordance with the provisions of Article (12) of this Decree-Law.

Article 16

The Court may summon any person who possesses information related to the application for composition and such person shall be obligated to provide the Court with any required information.

Chapter Two

Appointment of the trustee

Article (17)

1. If the Court decides to accept the application for composition, it shall appoint, in its decision, a trustee from amongst the natural or legal persons nominated in accordance with Clause (1/F) of Article (9) of this Decree-Law, the experts enrolled in the Roster of Experts, or others if the Court fails to find the person having the required experience.
2. The Court may, on its own initiative or at the request of the debtor or the controller, appoint more than one composition trustee, provided that they are not more than three trustees at once.
3. If more than one composition trustee is appointed, they shall jointly perform their duties and take decisions by majority vote, and in the event of a tie, the matter shall be referred to the Court for weighting. The Court may distribute the tasks among the appointed trustees and determine the way they work, whether jointly or severally.
4. If the Court appoints a legal person as composition trustee, it shall designate one or more representatives to assume the functions of the trustee, provided that such representative is enrolled in the Roster of Experts in accordance with the provisions of this Decree-Law.
5. The Court shall notify the trustee of his appointment decision no later than the day following the issuance date of the decision.
6. Any creditor may file a complaint against the Court's decision on the trustee appointment within five (5) working days from the date of publication, which is in

conformity with the provisions of Article (35) of this Decree-Law, to the Court, which shall adjudicate on the complaint within five (5) working days without pleading. Its decision shall be final in this regard, and the complaint shall not suspend any of the proceedings set forth in this Part.

Article (18)

The trustee may submit to the Court any request that would assist him in carrying out his duties as required, including a request for appointment and assignment of one or more experts from the Roster of Experts to assist him in any of the competences entrusted thereto. An expert other than those enrolled in the Roster of Experts may be appointed, when the need arises, under the approval of the Court, and the Court shall determine the tasks and fees of the expert upon the recommendation of the trustee.

Article (19)

Composition trustees may not be appointed from the following persons:

1. A creditor;
2. The debtor's spouse or brother-in-law or one of his relatives to the fourth degree;
3. Any person against whom a final judgment of conviction of a felony or misdemeanor of theft, embezzlement, fraud in commercial transactions, malversation, forgery or false testimony, any of the crimes set forth in this Decree-Law, bribery or any misdemeanor harming the national economy has been entered, even if rehabilitated.
4. Any person who has been a partner, employee, auditor or agent of the debtor during the two years preceding the initiation of the composition proceedings.

Article (20)

1. The appointed trustee shall receive his fees in return for the tasks carried out by him and receive the expenses incurred by him, as determined by the Court, from the deposited amount or the bank guarantee provided in accordance with the provisions of Article (12)

of this Decree-Law.

2. The Court may decide to disburse amounts on account of the fees and expenses to the trustee who is appointed in accordance with the provisions of this Part, at any time after assuming his duties, by deducting the same from the amount deposited on account of the fee and expense.
3. Each stakeholder may file a complaint with the Court about the estimation of the trustee's fees and expenses and filing such complaint shall not cause the suspension of the proceedings. The Court shall adjudicate on the complaint within five (5) working days from the filing date and its decision shall be final in this regard.
5. If the deposited amount or the provided bank guarantee does not cover the fees and expenses, the Court shall obligate the debtor to deposit the difference within the period specified thereby; otherwise the Court may order to terminate the composition proceedings.

Article (21)

1. The Court may, on its own initiative, substitute the trustee as may be necessary. Further, the creditor or the debtor shall be entitled to request the Court to substitute the trustee if it is proved that the continuation of his appointment could damage the interests of the debtor or creditors. Any substitute trustee shall be appointed in the same manner of the appointment of the original trustee in accordance with the provisions of this Decree-Law, and the original trustee shall cooperate to the extent necessary to enable the substitute trustee to assume his duties.
2. The trustee may request the Court to relieve him of his duties, and the Court may accept the same and appoint a substitute for him. The Court may determine fees for the trustee whose request has been accepted in return for services provided thereby.

Chapter Three

Inventory of the Debtor's Assets

Article (22)

1. Once appointed, the trustee shall make an inventory of the debtor's assets in his presence, in the presence of his representative or after being notified. A report on the procedures taken shall be prepared and such report shall contain a list of inventoried items and shall be signed by the trustee and the debtor in case of his attendance and a copy thereof shall be delivered to the Court.
2. The trustee may request the Court to issue an order to seal or unseal any of the debtor's assets.
3. Assets subject matter of the inventory shall not include the rights of those entitled to the pension of the debtor, whether acquired before or after the date of the decision initiating the proceedings and such rights shall remain owned thereby.

Article (23)

1. The Court shall provide the trustee, when appointed, with all the information available about the debtor.
2. The debtor shall provide the trustee with any additional details related to the composition proceedings required by him, within the time limit specified by the trustee.

Article (24)

- 1- The trustee shall prepare a register of all the known creditors of the Debtor, and shall provide a copy of such register, having up-to-date entries, to the Court.
- 2- The trustee shall enter the following on the register:
 - a. The address of each creditor, the amount of each creditor's claim and the due dates thereof.
 - b. Identify any creditors secured by means of mortgage, the details of the security held by each creditor and the estimated value of each security in case of enforcement against

them.

- c. Identify the creditors having preferential debts, and indicate the nature of such preferences.
- d. Any set-off application submitted in accordance with the provisions of Section Five of Chapter Five of this Decree-Law.
- e. Any other details the trustee may consider necessary to perform its duties.

Article (25)

- 1. The trustee may request any data or information relevant to the debtor's assets or business from any person who may have such information.
- 2. Whoever has information about the debtor's assets or business shall be obligated to give the trustee the necessary information requested thereby, including any documents and books of accounts related to the debtor. The trustee shall maintain the confidentiality of any information related to the debtor if the disclosure thereof harms the debtor, and shall refrain from any disclosure outside the framework of the composition proceedings.
- 3. In case that such person refuses to cooperate with the trustee and provide him with the required information, the trustee may refer the matter to the Court to determine the amount of information that may be requested and provided to the trustee.

Article (26)

- 1. The debtor or any of his employees shall, during the composition proceedings, manage the debtor's business under the supervision of the trustee.
- 2. The trustee may request the debtor to perform all the actions necessary to preserve his interests and the interests of his creditors during the composition proceedings.
- 3. The trustee may, during the performance of his duties, carry out the following actions on behalf of the debtor whenever such actions achieve the purpose of the composition after obtaining the debtor's consent or permission of the Court:
 - A. Possession of any of the debtor's assets;
 - B. Request for verification and proof of ownership of any asset of the debtor;

- C. Valuation of the debtor's assets and presenting a report thereon to the Court;
- D. Collection of any money or rights on behalf of the debtor;
- 3. Concluding or maintaining any insurance policies necessary to continue the debtor's business;
- F. Paying any payable amounts or fulfilling any required claims as part of the implementation of the scheme of composition;
- G. Leasing any property belonging to the debtor or terminating the lease agreements thereof and leasing any property, if necessary;
- H. Entering into any arrangement, acquittal or settlement, on behalf of the debtor, with one or more creditors of the debtor;
- I. Obtaining any guarantee or security which the debtor has neglected to obtain or renew.
- J. Any other actions achieving the purpose of the composition and approved by the Court.

Article (27)

1. The Court may decide to suspend any of the debtor's business, upon the urgent request of the trustee.
2. The Court shall issue its final decision on the partial suspension based on the report of the trustee, after a period not exceeding such period needed for the Court's approval of the draft scheme of composition in accordance with the provisions of Chapter X of this Part.

Article (28)

1. The trustee may submit to the Court, on behalf of the debtor, a request to authorize him to get new financing with security or without security during the composition proceedings to ensure the continuation of the debtor's business in accordance with the provisions contained in Chapter IV of Part V of this Decree-Law.
2. No security taken over the debtor's assets after the decision initiating the composition

proceedings shall be effective unless taken based on the prior permission of the Court.

Chapter Four

Appointment of Controllers

Article (29)

1. The Court may appoint one or more Supervisors from among the creditors who request such appointment, to supervise the implementation of the Composition Procedures. In case of the nomination of secured and unsecured creditors or creditors who have preferential debts, at least one Supervisor shall be appointed for each group.
2. In case of the nomination of more than one creditor from one group, the Court shall choose from among them the one it deems appropriate, taking into account the number of creditors and the amount of debt represented by each nominee.
3. Each controller may be represented by one of his employees or his legal representative.
4. If the debtor is subject to a competent regulatory authority, the Court may appoint a controller from such authority upon its request.
5. The controller or the legal person's representative appointed as a controller shall not be the debtor's spouse or brother-in-law or one of his relatives to the fourth degree.
6. The controller shall not receive any fees and shall bear responsibility only for his serious or deliberate mistake during the performance of his duties.
7. The debtor or any creditor may file a complaint with the Court about the appointment of the controller or his representative and such complaint shall not cause the suspension of the proceedings. The Court shall adjudicate on the complaint within five (5) working days from the filing date and its decision shall be final in this regard.
8. The Court may, on its own initiative or at the request of the trustee, dismiss the controller and appoint another controller.
9. The Court may relieve the controller of his duties at his request and appoint another controller.

Article (30)

The controller shall assist the trustee and the Court and work to serve the general interest of the creditors. Further, the controller shall monitor the implementation of the conditions of the scheme of composition and inform the Court of violations of such conditions.

Chapter Five

Prohibiting Disposal of Assets

Article (31)

1. The debtor shall be prohibited from performing any of the following acts as of the date of the decision initiating the composition proceedings:
 - A. Paying any claims arising prior to the issuance of the decision initiating the proceedings except for any set-off payments made in accordance with the provisions of Chapter V of Part V of this Decree-Law;
 - B. Disposing of any of his assets or borrowing any amounts unless this is in accordance with the provisions of this Decree-Law and in the ordinary course of the debtor's business, provided that the debtor obtains the prior approval of the trustee or the Court;
 - C. Disposing of the company's shares or stocks or making a change in its ownership or legal form, if the debtor is a legal person.
2. The Court shall, at the request of any stakeholder, order not to enforce any act of the debtor, which is inconsistent with the provisions of Clause (1) of this Article.

Chapter Six

Suspension of Judicial Proceedings and Abatement of the Interest

Article (32)

1. In cases other than those provided for in this Decree-Law, the Court decision to commence composition proceedings pursuant to the provisions of Article (14) of this Decree-Law shall entail the suspension of the judicial proceedings against the Debtor

and the judicial enforcement proceedings in respect of assets thereof. Suspension of judicial proceedings and enforcement proceedings provided for in this Clause shall continue until occurrence of either of the following two events whichever is earlier:

- a. Approval of the composition plan in accordance with provisions of Article (49) or Article (50) of this Decree-Law; or
 - b. Passage of (10) ten months from the date of issuance of the Court decision to commence the composition proceedings pursuant to provisions of Clause (1) of this Article.
2. Notwithstanding the provisions of Para. (b) of Clause (1) of this Article, after consulting the Trustee, the Court may extend the suspension of judicial proceedings and enforcement proceedings for an additional period not exceeding (4) four months.
 3. Creditors of debts secured by movable or immovable assets may require the Court to exclude them from suspension of enforcement provided for in Clause (1) of this Article, and the Court may grant this permission if the collateral granted to the Creditor requesting permission is not necessary for proceeding with the composition proceedings. Further, the Court may give permission if the Creditor requesting permission proves that its collateral is likely to be damaged or depreciated quickly if it does not obtain proper protection thereof.
 4. The Creditor's application filed pursuant to Clause (3) of this Article shall be served upon the Trustee and the Debtor within one business day.
 5. The Debtor may submit a reply to the Creditor's application and the Trustee shall express its opinion on the application within three business days from the date of being served the application. The Court shall decide on granting the permission within (10) ten business days from end of the period granted to the Debtor and the Trustee in accordance with this Clause. Deciding on the application for the permission does not entail notices or exchanging submissions. Upon granting the permission, the Court shall verify the absence of any collusion between the Debtor and the Creditor whose debt is secured by movable or immovable assets, and the rank of the secured Creditor in the order of priority in case of securing more than one creditor by the same asset.

3. The Court decision dismissing the application for permission may be appealed before the competent court of appeal. The appeal shall not result in the suspension of the composition proceedings. The decision made in respect of the appeal shall be final.

Article (33)

The decision initiating the proceedings or ratifying the scheme of composition shall not cause the debts to become due prior to their stated maturity or cause the abatement of the interests thereof.

Chapter Seven

Performance of Obligations and Contracts

Article (34)

1. Subject to the provisions of Articles (26) and (31) of this Decree-Law, the issuance of the decision initiating the proceedings shall not cause the expiration or termination of any contract in force between the debtor and the party contracting therewith. The party contracting with the debtor shall fulfill his contractual obligations unless a judgment of stay of execution is delivered, prior to the issuance date of the decision initiating the proceedings, due to the debtor's failure to perform his obligations.
2. The Court may, at the request of the trustee, order to terminate any contract in force to which the debtor is a party if it is necessary to enable the debtor to practice his business or if the termination is in the best interests of all creditors of the debtor and does not substantially harm the interests of the other contracting party.
3. If the debtor owns common property, the trustee or any of the co-owners may request to divide the common property, even if there is an agreement not permitting the division, and any co-owner shall have the priority over others if he wishes to buy the debtor's share in exchange for just compensation as determined by Court.

Chapter Eight

Composition Proceedings and Filing Claims

Article (35)

The trustee shall, within five (5) working days from the date of notifying him of the appointment decision:

1. publish a summary of the decision initiating the composition proceedings in two local widely circulated daily newspapers, one published in Arabic and the other in English, provided that the publication includes calling the creditors to file their claims and supporting documents and to deliver the same to him within no more than twenty (20) working days from the date of publishing.
2. Notify all the creditors whose addresses are known to provide him with the claims and documents within twenty (20) working days from the date of publishing the summary of the decision initiating the proceedings.

Article (36)

1. All the creditors shall deliver to the trustee, within the time limit provided for in Article (35) of this Decree-Law, documents of their debts accompanied with a statement of such debts, their securities, if any, their maturity dates and their amount denominated in the national currency on the basis of the prevailing exchange rate at the issuance date of the decision initiating the proceedings.
2. The trustee may request the creditor who has filed his claim to provide explanatory notes of the debt claim or supplementary documents or to specify the amount or nature thereof. Further, the trustee may require the ratification of any claims by the creditor's accountant or auditor.

Article (37)

1. The trustee shall, after the expiry of the time limit set out in Article (35) of this Decree-Law, provide a list of creditors who have filed their claims, a statement of the amount of

each debt separately, the supporting documents and its securities, if any, his opinion on accepting, modifying or rejecting the same, and his proposals on the payment method, if possible. The trustee shall deposit such list with the Court within ten (10) working days from the expiry date of the time limit set out in Article (35) of this Decree-Law. This time limit may, if necessary, be extended once for a similar period under a decision of the Court.

2. The trustee shall, within three (3) working days following the deposit referred to in Clause (1) of this Article, publish the debt list and the statement of the accepted amounts of each debt in two local widely circulated daily newspapers , one published in Arabic and the other in English.

Article (38)

1. The debtor and each creditor, whether or not named in the debt list, may object to the contents of the list within seven (7) working days from the date of publishing the list in the newspapers, and this shall not cause the suspension of the composition proceedings.
2. The Court shall decide on the objection submitted pursuant to the provisions of Clause (1) of this Article within ten (10) working days from the date of submission.
3. The Court's decision may be appealed before the competent Court of Appeal within five (5) working days from the date of issuance of the decision. The appeal shall not cause the suspension of the composition proceedings, and the decision on the appeal shall be final.
4. The Court may, before adjudicating the appeal, decide to accept the debt temporarily in an amount to be estimated thereby and shall notify the trustee thereof.
5. The debt shall not be temporarily accepted if a criminal action is instituted.
6. If the objection is related to the debt securities, it shall be temporarily accepted as an ordinary debt.
7. The share of the temporarily accepted debt shall be retained from the sale proceeds of the security assets. Upon any distribution to creditors in accordance with the provisions of this Decree-Law, if the Court decides not to recognize the temporarily accepted debt

or to reduce it, such retained share shall be returned, as per its ratio to the general security, to the creditors.

8. The Court shall approve a list of names of the creditors whose debts are accepted, whether finally or temporarily.

Article (39)

1. The creditor who has failed to provide his debt documents within the time limit set out in Article (35) of this Decree-Law shall not take part in the composition proceedings, unless this failure is for reasons acceptable to the trustee or the Court reasons. Further, the creditors whose debts have been rejected completely shall not take part in the composition proceedings.
2. Notwithstanding the provisions of Clause (1) of this Article, the creditor who has failed to provide his debt documents within the time limit set out in Article (35) of this Decree-Law may submit the same to the trustee to accept the debt's supporting documents and take part in the proceedings for acceptable reasons. The approval granted by the trustee in this regard shall be approved by the Court. In case of the trustee's rejection or failure to respond within three (3) working days, the creditor may submit a request to the Court for accepting the submission of the debt's supporting documents and the Court shall consider the request as soon as possible after consultation with the trustee, and issue its decision within (7) seven working days from the date of the request. If the Court orders to accept the debt, it may charge the trustee with submitting a report on the impact of the new debt on the draft scheme, and refer the findings to the Court for approval. In all cases, the proceedings set forth in this Clause shall not suspend the composition proceedings.

Chapter Nine

Scheme of Composition

Article (40)

1. The debtor shall, with the assistance of the trustee, prepare a draft scheme of composition and submit it to the Court within forty five (45) working days from the date of publishing the decision initiating the composition proceedings, and the Court may, at the request of the debtor or the trustee, extend such period for further period or periods not exceeding, in the aggregate, twenty (20) working days, provided that he submits to the Court periodic reports on the progress of the preparation of the draft scheme every ten (10) working days.
2. The draft scheme of composition shall include the following:
 - A. To what extent the debtor's business might re-achieve profits;
 - B. The debtor's activities to be suspended or terminated;
 - C. Terms and conditions of the settlement of any obligations;
 - D. Any performance bonds to be provided by the debtor, if any;
 - E. Any offer for buying all or part of the debtor's assets, if any;
 - F. Grace periods and payment discounts;
 - G. The possibility of converting debt into shares in the capital of any project;
 - H. Any offer for consolidating, creating, redeeming, selling, or substituting any securities if it is necessary to implement the draft scheme;
 - I. The implementation period of the scheme, subject to the provision of Clause (1) of this Article.
3. The trustee may include in the draft scheme of composition any other matters deemed useful in the implementation of the scheme of composition.

Article (41)

The scheme of composition shall include a timetable for its implementation, which shall not exceed three (3) years from the date of the scheme ratification by the Court, and it may be

extended for a similar period with the consent of the majority of creditors who hold two-thirds of the debts unpaid in accordance with the scheme and any amendments thereto.

Article (42)

1. The Court shall, within ten (10) working days from the submission date of the draft scheme of composition, review the draft scheme to ensure that it is in the interest of all parties. The Court may request, during such period, the trustee to make any necessary amendments to the draft scheme and return the same to the Court within no more than ten (10) working days from the notification date of the Court's request, and such period shall be renewable, under a decision of the Court, for a similar period once.
2. If the Court is satisfied with the draft scheme, it shall request the trustee to call the creditors, within five (5) working days, for a meeting to discuss the draft scheme of composition and vote thereon, and the trustee shall provide the creditors whose debts are accepted with a copy of the draft scheme of composition.
3. The call for the meeting referred to in Paragraph (2) of this Article shall be published in two widely distributed local daily newspapers, one of which is published in Arabic and the other in English. The call shall set the place and time of the meeting. In addition, the Court may instruct the trustee to send the call for meeting by any other possible methods of communication, including the notification by electronic means.
4. The meeting shall be held within (15) fifteen business days from the date of publication of the call for meeting as determined by the Court in line with the interest of the Composition. The electronic means may be used to organize the meeting and discuss the plan or vote thereon, so that any of the creditors may easily communicate as appropriate to the procedures based on the trustee's recommendation.
5. The Court may decide to call the creditors for other meetings during the proceedings or to postpone the date of the creditors' meeting, taking into account the number of the known creditors and any other circumstances of importance to the holding of the meeting.
6. If the debtor is subject to a competent regulatory authority, such authority shall be called

to attend the meetings.

Article (43)

1. After consulting the trustee, the Court may, either upon a proposal of a group of creditors or sua sponte, issue a decision to form one or more committees of creditors representing different categories, including one or more committees of unsecured creditors, one or more committees of secured creditors and one or more committees of creditors having preferential debts. The Court may also form one or more committees of bond and sukuk holders, for the purpose of discussing the Composition Plan and proposing any amendments thereto at the meetings organized under Article (42) of this Decree-Law.
2. Each committee may select its representative from among the creditors or the legal or financial consultants, and identify the matters entrusted thereto in accordance with the provisions of this Decree-Law. The representative of each committee shall be notified of all correspondence related to the meeting and then, such committee shall be responsible for notifying its creditors of the proceedings.
3. The Court may, based on the proposal of the trustee, restrict the selected representative's powers or relieve him of his duties if it finds that the powers granted to him are broad and harmful to the interests of creditors.
4. The Court may re-form any of the committees referred to in Clause (1) of this Article, if deemed necessary.

Article (44)

1. The trustee and the debtor shall provide an explanation of the items of the scheme of composition during the meetings held to discuss the scheme.
2. Any creditor may, at the meetings held to vote on the draft scheme of composition, make any amendments thereto, and the committee before which the amendment is proposed and any other committee affected by the proposed amendment shall express the opinion thereof on such amendments.

3. The Court may call the creditors for further meetings to consider the proposed amendments, and it may decide to approve or reject any of the proposed amendments in preparation for ratifying the draft scheme of composition in accordance with the provisions of Article (49) of this Decree-Law.

Article (45)

1. The voting rights on the draft Composition Plan shall be limited to the ordinary creditors and creditors having preferential debts whose debts have been finally accepted.
2. Notwithstanding the provisions of Clause (1) of this Article, the Court may allow the creditors whose debts are temporarily accepted to vote on the draft scheme of composition, based on a proposal by the trustee and the Court shall determine in its decision the conditions and limits of granting such permission.

Article (46)

1. The court shall permit the secured creditor to vote on the Composition Plan on the basis of its secured debt without impacting the security right if the plan affects its secured rights. The creditors with secured debts shall not vote in situations other than the abovementioned one, unless they waive those securities in advance. Such waiver shall be recorded in the minutes of the meeting.
2. If the Creditors with secured debt votes on the Composition Plan without being authorized by the court or expressly waiving its security, such voting shall be deemed a waiver of that security.
3. The surrender shall be effective only if the scheme of composition is ratified, and if the composition is invalidated, the security covered by the surrender shall be re-enforced.

Article (47)

1. The draft Composition Plan shall be approved by the majority vote of the creditors whose debts are finally accepted, or those whose debts are provisionally accepted and

permitted to vote, provided that such majority holds in the aggregate at least two thirds of the accepted value of the total debts.

2. If one of the two majorities referred to in Clause (1) of this Article is not achieved, the meeting shall be postponed for seven (7) working days.
3. If one of the two majorities is not achieved after the extension in accordance with Clause (2) of this Article, it shall be deemed a rejection of the scheme of composition.
4. The creditors who have attended the first meeting or been represented therein, and voted for approving the scheme of composition may be absent from the second meeting. In such case, their approval of the scheme of composition at the first meeting shall remain valid and effective and their votes shall be counted in the quorum at the second meeting unless they attend the second meeting and change their previous votes or there is a change made to the scheme of composition.
5. Minutes of the meeting held to vote on the draft scheme of composition shall be written and signed by the trustee, the debtor and the present creditors permitted to vote. If one of them refuses to sign the same, his name and the reason for refusal shall be mentioned in the minutes.
6. All the creditors who participate in voting on the draft scheme of composition shall inform the trustee of their elected addresses for receiving notices, including the addresses to which notices by electronic means are sent. Giving notice using such means shall be effective in respect of all subsequent proceedings.
7. Items of the scheme of composition shall apply to the creditors voting against the scheme.

Article (48)

Co-debtors of the original debtor or his sureties for debts shall not benefit from the composition. However, if the composition is achieved with a company, the partners who are liable to the full extent of their property for its debts shall benefit from the conditions thereof unless the composition indicates otherwise.

Chapter Ten

Ratification and Implementation of the Scheme of Composition

Article (49)

1. The trustee shall, within three (3) working days from the date of the meeting at which the required majority vote for approving the scheme of composition, submit the draft scheme to the Court, so as to render its decision ratifying or rejecting the scheme of composition.
2. Any creditor whose debt is accepted and who does not approve the scheme of composition when voting thereon may object to the draft scheme submitted to the Court within three (3) working days from the expiry date of the time limit specified in Clause (1) of this Article. The Court shall decide on the objection submitted within five (5) working days from the date of submission of the objection and its decision in this regard shall be final.
3. The Court shall summarily issue its decision ratifying the scheme of composition after ensuring the fulfillment of all the conditions, and it may decide to accelerate the maturity of the debts due to the creditor who accepts to reduce his debts, in the best interest of the composition proceedings. The Court's decision shall be binding on all creditors in this regard.
4. The Court shall verify that the scheme of composition guarantees that all the creditors who are affected by the scheme will receive at least what they would have received had the debtor's assets been liquidated on the date of voting on the scheme, as per the Court's estimation of such assets.
5. The Composition Plan shall not affect the priority rights conferred upon secured debts or creditors having preferential debts as provided for in this Decree-Law.

Article (50)

1. If the Court rejects to ratify the scheme of composition, it may return the scheme to the trustee to amend the same within ten (10) working days from the date of rejection and

re-submit it thereto for ratification or may decide to initiate the bankruptcy proceedings in accordance with the provisions of this Decree-Law.

2. The debtor or any of the creditors whose debts are finally accepted may file a complaint with the Court about its decision rejecting the ratification or the amendment of the scheme of composition. The Court shall adjudicate on the complaint within ten (10) working days from the date of filling the complaint and its decision shall be final.

Article (51)

1. The debtor may offer his creditors an alternative security equivalent to the existing security. In case of non-acceptance of such offer, the Court may decide to substitute the security if it finds that the alternative security is not less than the value of the existing security and does not constitute harm to the interests of the creditor to whom the alternative security is offered.
2. The Court's decision may be appealed before the competent Court of Appeal within five (5) working days from the issuance date of the Court's decision. The appeal shall not cause the suspension of the proceedings, and the decision on the appeal shall be final.

Article (52)

1. The trustee shall ensure that the sale of any of the debtor's assets to be sold in accordance with the scheme of composition shall be at the best price in light of the prevailing market conditions at the selling date. The trustee shall deposit part of the sale proceeds, which represent the value of the claims secured by the sold assets in the bank account determined by the Court.
2. Once the scheme of composition is ratified, the trustee shall pay the creditors whose debts are secured by the assets sold in accordance with Clause (1) of this Article, their debts from the sale proceeds of such assets, as per their prioritization.

Article (53)

1. If the Court finds that some of the debtor's assets are essential for the continuation of his business, it may decide to prohibit the disposal of such assets without its approval for a specified period not exceeding the period of the scheme of composition. If such assets are given as security, the Court may substitute the security in accordance with the provisions of this Decree-Law.
2. Each stakeholder may submit to the Court an application for non-enforcement of any disposal made in violation of the provisions of Clause (1) of this Article, within three (3) years from the issuance date of the Court's decision or from the date of ratifying the scheme of composition, whichever is later.

Article 54

The trustee shall, within seven (7) working days from the date of ratifying the scheme of composition, record the Court's decision ratifying the scheme of composition in the commercial or professional register, as the case may be, and publish the same in two local widely circulated daily newspapers , one published in Arabic and the other in English, provided that it contains a summary of the most important condition of the composition, the debtor's name, place of residence, and Registration No. in the commercial or professional register, as the case may be, and the date of the decision ratifying the scheme of composition.

Article (55)

1. The trustee shall supervise the scheme of composition throughout its implementation period.
2. The trustee shall be obligated to:
 - A. monitor the progress of the scheme of composition and inform the Court of any failure to implement the same;
 - B. submit to the Court a report on the progress of the implementation of the scheme of

composition every three months. Each creditor may obtain a copy of the report.

3. If the trustee deems it is necessary to make any amendments to the scheme of composition during its implementation and such amendments cause changes in the rights or obligations of any party thereto, he shall request the Court to approve such amendments. The Court shall, prior to deciding on the request, notify all the parties taking part in voting on the scheme and the creditors whom it deems necessary to be notified, within five (5) working days from the date of the request of the trustee, in order to submit any observations about the required amendments within ten (10) working days from the date of notification. The Court may issue its decision approving the amendment in whole or in part or rejecting it.

Article (56)

Once all the obligations stipulated in the scheme of composition are fulfilled, the Court shall, at the request of the trustee, the debtor or any stakeholder, issue a decision completing the implementation of the scheme of composition. Such decision shall be published in two local widely circulated daily newspapers, one published in Arabic and the other in English.

Article (57)

In the event of the debtor's demise after issuing the decision initiating the proceedings, his heirs or their representatives shall replace the debtor in respect of completing the composition proceedings.

Chapter Eleven

Nullity and Annulment

Article (58)

If an investigation is initiated against the debtor with regard to any of the crimes set forth in Part VI of this Decree-Law, or a criminal action is instituted against the debtor with regard to such crimes, after the ratification of the scheme of composition, the Court, which has ratified

the scheme of composition, may decide, at the request of any stakeholder, take the measures it deems necessary to seize the debtor's assets. Such measures shall be canceled if it is decided to close the investigation or if a judgment of acquittal of the debtor is entered.

Article (59)

1. Every stakeholder may submit a request for nullifying the composition proceedings within six (6) months from the date of initiating the investigation provided for in Article (58) of this Decree-Law; otherwise the request shall be unacceptable. In any case, the request for nullifying the composition proceedings shall not be acceptable if submitted after the lapse of two years from the issuance date of the decision ratifying the scheme of composition.
2. The composition proceedings shall be nullified if a judgment of conviction of any of the crimes set forth in Part VI of this Decree-Law is delivered against the debtor, after the ratification of the scheme of composition, unless the Court decides otherwise to protect the interests of the creditors.
3. Nullity of the composition proceedings shall result in discharging the surety acting in good faith, who guarantees the implementation of all or some of the conditions of the scheme of composition.

Article (60)

1. Any creditor may request the Court ratifying the scheme of composition to annul the scheme of composition if the debtor fails to fulfill the conditions of the scheme of composition or if the debtor dies and it becomes clear that it is impossible to implement the same for any reason.
2. Annulment of the scheme of composition shall not result in discharging the surety, who guarantees the implementation of its conditions and he shall be summoned to attend the hearing at which the request for annulment is heard.

Article (61)

The Court may include in its judgment of nullity of the composition proceedings or annulment of the scheme of composition, an order of sealing the debtor's assets, except for the assets that may not be attached by law and the living expenses prescribed for the debtor and his dependents. The Court shall charge the trustee, within five (5) working days from the date of the nullity or annulment judgment, with publishing a summary of the judgment in two local widely circulated daily newspapers, one published in Arabic and the other in English, and the trustee shall conduct a supplemental inventory of the debtor's assets.

Article (62)

Dispositions of the debtor after the issuance of the decision ratifying the scheme of composition and before the nullity of the proceedings or the annulment of the scheme of composition shall be effective against the creditors, and they may request to rescind the same only in accordance with the rules stipulated in the Civil Transactions Law in respect of the Paulian Action. Such action shall not be heard after the lapse of two years from the date of nullity of the composition proceedings or annulment of the scheme of composition.

Article (63)

The nullity of the composition proceedings or the annulment of the scheme of composition shall not require the bona fide creditors to refund the amounts received before the nullity or annulment judgment and such amounts shall be deducted from the value of their debts.

Chapter Twelve

Adjudicating to Terminate the Composition Proceedings and Convert the Proceedings into a Declaration of the Debtor's Bankruptcy and Liquidation of His Assets

Article (64)

The Court shall deliver a judgment terminating the composition proceedings, declaring the

debtor's bankruptcy and liquidating his assets, in accordance with the provisions of Chapter XII of Part IV of this Decree-Law if it is ruled to nullify the composition proceedings or annul the scheme of composition in accordance with the provisions of this Chapter.

Article (65)

The Court may decide, at its option or at the request of any stakeholder, to terminate the composition proceedings and convert the composition proceedings into the proceedings of declaration of the debtor's bankruptcy in accordance with the provisions of Part IV of this Decree-Law, in the following cases:

1. If it is proven that the debtor has ceased to pay due debts for a period of more than (30) consecutive working days due to the instability of the debtor's financial position, or in case of a debit estate at the date of initiating the composition proceedings or if the Court discovers the same during the implementation of the scheme of composition.
2. If it is impossible to apply the scheme of composition and the termination of the composition proceedings leads to the cessation of payment for a period of more than (30) consecutive working days due to the instability of the debtor's financial position, or due to a debit estate.

Article (66)

If the Court decides to terminate the composition proceedings and declare the debtor's bankruptcy and liquidation of his assets in accordance with the provisions of Article (64) of this Decree-Law, or to convert the composition proceedings in accordance with the provisions of Article (65) of this Decree-Law, this shall lead to the following:

1. Termination of the appointment of the composition trustee, unless the Court decides to appoint him as the trustee of bankruptcy and liquidation of assets in accordance with Articles (82) and (126) of this Decree-Law.
2. The Court which has decided to terminate the composition proceedings in accordance with Articles (64) and (65) of this Decree-Law shall continue to hear the proceedings of bankruptcy and liquidation of the debtor's assets.

Part Four
Bankruptcy
Article (67)

The proceedings set out in this Part shall regulate the following:

1. Restructuring of the debtor, if possible, by assisting the same to implement a scheme of restructuring his business.
2. Declaration of bankruptcy of the debtor and fair liquidation of his assets to fulfill his obligations.

Chapter One
Submitting Applications for Initiating Bankruptcy Proceedings
Article (68)

1. The debtor shall submit to the Court an application for initiating the proceedings in accordance with the provisions of this Part if he ceases to pay due debts when due for a period of more than (30) consecutive working days due to the instability of the debtor's financial position, or in case of a debit estate.
2. If the debtor is subject to a competent regulatory authority, the debtor shall notify such authority in writing of his intention to submit the application referred to in Clause (1) of this Article, fifteen (15) working days prior to the date of the application, and the competent regulatory authority may provide any related documents or pleas to the Court.

Article (69)

1- Any creditor, or a body of creditors holding a debt in an amount of not less than one hundred thousand UAE dirhams (AED 100,000) may apply to the Court to commence the procedures pursuant to this Chapter if the creditor has previously given the Debtor a notice in writing demanding the repayment of the due debt and the Debtor failed to pay the same within (30) thirty successive Business Days from the date of such notice.

2- The creditor with secured debt may submit an application in accordance with Paragraph (1) of this Article if the claimed amount is a part of the difference of the secured debt due and the security value does not cover the entire value of the secured debt when conducting the procedures.

3- The Cabinet may, upon the recommendation of the Minister, issue a decision amending the amount of the debt threshold referred to in Paragraph (1) of this Article.

Article (70)

If any of the creditors abandons his application due to receiving a due payment before initiating the proceedings, the debtor shall not be deemed to have ceased to make payments in respect of such due payment.

Article (71)

If the debtor is subject to a competent regulatory authority, the application may be submitted to the Court, in accordance with the provisions of this Part, by such authority, provided that it submits a proof of the debtor's debit estate.

Article (72)

The Public Prosecution may, as required by the public interest, apply to the Court for initiating the proceedings in accordance with the provisions of this Part, provided that it submits a proof of the debtor's debit estate.

Article (73)

1- The application shall be submitted by the Debtor or the Competent Supervisory Authority to the Court, and introducing reasons for such application.

2- The debtor may determine whether the application is for restructuring purposes or for bankruptcy and liquidation, and shall mention relevant grounds in the application.

3- The application shall be accompanied by the following documents:

- a. A memorandum including a brief description of the Debtor's economic and financial position and information about the Debtor's Assets, in addition to a detailed account of the Debtor's employees.
 - b. A certified copy of the commercial, industrial or professional license of the Debtor and the Debtor's commercial register issued by the competent authority in the Emirate.
 - c. A copy of the accounting books or financial statements relating to the Debtor's Business for the year preceding the application.
 - d. A report including the following:
 - a. The Debtor's cash flow and profit and loss projections for the twelve months following the filing of the application.
 - b. A list of the names of the known creditors and debtors with their addresses, the amounts of their respective entitlements or debts and the securities provided, if any.
 - c. A detailed statement of the Debtor's movable and immovable Assets, and the estimated value of each asset as at the date of filing the application, and a statement of any securities or rights of third parties over the Assets.
 - e. The Debtor's nomination of a trustee to undertake the procedures pursuant to the provisions of this Decree-Law.
 - f. Where the applicant is a corporate entity, the application shall be accompanied by a copy of the resolution of the company's competent body authorizing the applicant to file the procedures commencement application and copies of the incorporation documents of the company and any amendments thereto, as filed with the competent authority in the Emirate.
 - g. Any other documents supporting the filing of the application.
 - h. A report issued by the competent Credit Information Authority in the State.
- 4- If the applicant fails to submit any of the data or documents required pursuant to the provisions of Paragraph (3) of this Article, the applicant shall specify the reasons of the same in its application.
- 5- If the Court is satisfied that the documents submitted are not sufficient to decide on the

application, it may grant the applicant an extension to provide the Court with any additional details or documents in support of its application.

Article (74)

1. The application submitted to the Court by the creditor shall be accompanied by the following documents:
 - a. A copy of the notice referred to in Paragraph (1) of Article (69) of this Decree-Law.
 - b. Any data relating to the debt, including the amount of the debt and any available security.
 - c. The Debtor's nomination of a trustee, to be appointed to undertake the procedures pursuant to the provisions of this Decree-Law.
2. The creditor may determine whether the application is for restructuring purposes or for bankruptcy and liquidation, and shall mention relevant grounds in the application.

Article (75)

1. If the debtor is a company, the application may be submitted even if the company is under liquidation or a judgment of annulment is delivered against it and the company continues its business de facto.
2. Submitting the application for initiating the proceedings in accordance with Paragraph (1) of this Article shall cause the suspension of the decision on every application whose subject matter is the company's liquidation or placing it under receivership.

Article (76)

With the exception of applications submitted by the Public Prosecution, the applicant shall file with the Court's treasury, a sum of money or a bank guarantee of no more than (AED 20,000) twenty thousand Dirhams in the manner and at the date specified by the Court to cover the expenses of the initial proceedings to decide on the application. However, the Court may postpone the deposit of the sum or guarantee referred to above if the debtor

filling the application does not have the necessary liquidity to deposit the same at the date of submitting the application.

Chapter Two

Deciding on Applications

Article (77)

1. The Court may decide to appoint one of the experts enrolled in the Roster of Experts or any expert other than those enrolled therein if the Court fails to find the person having the required experience so as to assist it in evaluating the debtor's status. The Court shall determine, in the same decision, the duties and fees of such expert and the period during which he shall submit the report, provided that it is not more than ten (10) working days from the date of the appointment decision.
2. The appointed expert shall prepare, within the period specified by the Court, a report on the debtor's financial position, including his opinion on the possibility of restructuring of the debtor and whether or not the debtor's assets are sufficient to cover the restructuring costs.

Article (78)

1. The Court shall decide on the application, without litigation procedures, within a period not exceeding five (5) Business Days from the date the application is filed fulfilling all requirements or from the date the expert's report is filed, as the case may be.
2. If the Court finds that the conditions required under this Chapter for the commencement of the bankruptcy procedures are met, the Court shall accept the application and order the commencement of the procedures.
3. The Court may indicate in its decision that it has approved the possible debt restructuring the debtor and commence the reconstructing plan based on the documents submitted by the debtor, Supervisory Authority and creditor in the application in accordance with Paragraph (2) of Article (73) and Paragraph (2) of Article (74) of this

Article (79)

The Court shall dismiss the application where the documents and details required in Articles (73) and (74) of this Decree-Law are not furnished, or if the same are incompletely submitted without an acceptable reason, unless the Court decides to accept the application at its discretion in accordance with the conditions considered proper by it and subject to the interests of both the debtor and creditors.

Article (80)

1. The Court may summon any person who possesses information related to the application and such person shall be obligated to provide the Court with any required information.
2. The Court may issue a decision joining any natural or legal person in the proceedings set forth in this Part in accordance with the conditions providing adequate and sufficient protection to creditors if there is overlap between the assets of such person and the debtor's assets and it is difficult to be divided, or if the Court finds that it is not practical or cost-effective to initiate separate proceedings with respect to such persons.
3. The Court's decision on the joinder may be appealed before the competent Court of Appeal. The appeal shall not cause the suspension of proceedings, and the decision on the appeal shall be final.

Article (81)

1. The Court hearing the application may decide, at the request of any stakeholder or on its own initiative, to take the necessary measures to preserve or administer the debtor's assets, including sealing the premises of the debtor's business until deciding on the application.
2. The Court may decide to proceed with any measures of this kind or decide to take any

additional precautionary measures.

Chapter Three

Appointment of Trustees and Controllers

Article (82)

1. If the Court decides to accept the application submitted pursuant to the provisions of this Chapter, it shall appoint a trustee from among the experts nominated pursuant to Paragraph (1/E) of Article (73) or Paragraph (1/C) of Article (74) of this Decree-Law, a natural or juridical person registered in the Experts' Panel, or another expert, if the Court does not find an expert with the required expertise.
2. The Court may, sua sponte or upon the request of the Debtor, any Creditor or Supervisor, appoint more than one trustee, provided that the number of the trustees appointed at the same time shall not exceed three (3).
3. If more than one trustee is appointed, they shall jointly perform their duties and take decisions by majority vote. In the event of a tie, the matter shall be referred to the Court for weighting. The Court may distribute the tasks among the appointed trustees and determine the way they work, whether jointly or severally.
4. If the Court appoints a legal person as a trustee, it shall designate one or more representatives to assume the functions of the trustee, provided that such representative is enrolled in the Roster of Experts in accordance with the provisions of this Decree-Law.
5. The Court may decide to continue the appointment of the trustee of composition to assume the mission of the trustee in accordance with the provisions of this Part and it may appoint other trustees or dismiss any of them in accordance with the provisions of this Part.
6. The Court shall notify the trustee of his appointment decision no later than the working day following the issuance date of the decision.
7. The debtor or any creditor may file a complaint against the Court's decision on the trustee appointment within five (5) working days from the date of publication, which is

in conformity with the provisions of Article (88) of this Decree-Law, with the same competent Court, which shall adjudicate on the complaint within five (5) working days without pleading. Its decision shall be final in this regard, and the complaint shall not suspend any of the proceedings set forth in this Part.

Article (83)

The trustee appointed in accordance with the provisions of this Part may submit to the Court any request that would assist him in carrying out his duties as required, including for example, a request for appointment and assignment of one or more experts from the Roster of Experts to assist him in any of the competences entrusted thereto. The Court may appoint an expert not enrolled in the Roster of Experts, when the need arises, and the Court shall determine the mission and fees of the expert, upon the recommendation of the trustee.

Article (84)

Trustees or experts may not be appointed from the following persons:

1. The debtor's creditor;
2. The debtor's spouse or brother-in-law or one of his relatives to the fourth degree;
3. Any person against whom a final judgment of conviction of a felony or misdemeanor of theft, embezzlement, fraud in commercial transactions, malversation, forgery or false testimony, any of the crimes set forth in this Decree-Law, bribery or any misdemeanor harming the national economy has been entered, even if rehabilitated.
4. Any person who has been a partner, employee, auditor or agent of the debtor during the two years preceding the initiation of the proceedings.

Article (85)

1. Any trustee and any expert to be appointed in accordance with the provisions of this Part shall receive his fees in return for the tasks carried out by him and receive the required expenses incurred by him from the debtor's assets known by the Court. A payment may

be made, under a decision of the Court, on account of such fees and expenses.

2. If the debtor has no known assets or such assets are not sufficient to cover the fees and expenses, the trustee or the expert may apply to the President of the Court for receiving his dues from the Court's treasury. In case of payment of any dues from the Court's treasury, the amounts paid shall be recovered, by taking priority over debts of all creditors, from the first amounts to be added to the debtor's assets.
3. Each stakeholder may file a complaint with the Court about the estimation of the fees and expenses of the trustee or the expert appointed in accordance with the provisions of this Part and filing such complaint shall not cause the suspension of the proceedings. The Court shall adjudicate on the complaint within five (5) working days from the filing date thereof and its decision shall be final in this regard.

Article (86)

1. The Court may, at any time, substitute the trustee appointed in accordance with the provisions of this Part or any expert or appoint further trustees or experts as required. Further, the debtor shall be entitled to request the Court to substitute the trustee or the expert if it is proved that the continuation of his appointment could damage the interests of the creditors. Such request shall not cause the suspension of the proceedings. Any substitute trustee or expert shall be appointed in the same manner of the appointment of the original trustee or expert in accordance with the provisions of this Decree-Law, and the original trustee shall cooperate to the extent necessary to enable the substitute trustee to assume his duties.
2. The trustee may request the Court to relieve him of his duties, and the Court may accept the same and appoint a substitute for him. The Court may determine fees for the trustee whose request has been accepted in return for services provided thereby.

Article (87)

The Court shall appoint controllers and the provisions contained in Part III of this Decree-Law shall apply to their appointment and determination of their fees.

Chapter Four

Preparation of the List of Creditors

Article (88)

1. The Court shall notify the trustee of his appointment decision no later than the day following the issuance date of the decision. It shall provide the trustee, when appointed, with all the information available about the debtor.
2. The trustee shall, within five (5) working days from the date of notifying him of the appointment decision:
 - A. publish a summary of the decision initiating the proceedings in two local widely circulated daily newspapers , one published in Arabic and the other in English, provided that the publication includes calling the creditors to file their claims and supporting documents and to deliver the same to him within no more than twenty (20) working days from the date of publishing.
 - B. Notify all the creditors whose addresses are known to provide him with the claims and documents within twenty (20) working days from the date of publishing the summary of the decision initiating the proceedings.
3. The debtor shall provide the trustee, within the time limit specified by the trustee, with any additional details of which he has not informed the Court, whether in respect of his creditors or the debt amounts and the details of any contracts under implementation and any pending or ongoing legal proceedings to which the debtor is a party.

Article (89)

1. The trustee shall prepare a register in which all the creditors of the Debtor known to the trustee shall be entered, and the trustee shall submit an updated copy of the register's entries to the Court.
2. The trustee shall enter the following information on the register:
 - a. The address of every creditor, the amount of each creditor's claim and the due date thereof.

- b. The identification of the creditors who hold secured debts and the Creditors having preferential debts, with the details of the securities allocated for each of them and the estimated amount of such securities in case of Enforcement.
- c. Any set-off application submitted pursuant to the provisions of Section Five of Chapter Five of this Decree-Law.
- d. Any other details that may be considered necessary by the trustee for the performance of its duties.

Article (90)

- 1. The trustee may request any data or information relevant to the debtor's assets or business from any person who may have such information.
- 2. Whoever has information about the debtor's assets or business shall be obligated to give the trustee the necessary information requested thereby within reasonable limits, including any documents and books of accounts related to the debtor. The trustee shall maintain the confidentiality of any information related to the debtor if the disclosure thereof affects the value of the debtor's assets, and shall refrain from any disclosure outside the framework of the restructuring proceedings.
- 3. In case that such person refuses to cooperate with the trustee and provide him with the required information, the trustee may refer the matter to the Court to determine the amount of information that may be requested and order to be provided to the trustee.

Article (91)

- 1. All creditors, even those who hold debts not yet due, secured debts, preferential debts or debts established by final judgments, shall deliver to the trustee, within the timeframe specified in the call for meeting issued pursuant to the provisions Article (88) of this Decree-Law, the supporting documents of their debts together with the statement on their debts, securities, due dates and the amounts denominated in the National Currency on the basis of the Exchange Rate prevailing at the date of the decision.
- 2. The trustee may request the creditor who has filed his claims to provide explanatory

notes of the debt claim or supplementary documents or to specify the amount or nature thereof. Further, the trustee may require the ratification of any claims by the creditor's accountant or auditor.

Article (92)

The creditor who receives an advance payment, on account of his claim, from the debtor's sureties shall deduct the received amount from any claim to be submitted to the trustee. Any debtor's surety may submit his claims to the trustee within the limits of the amount paid for the debtor's debt.

Article (93)

1. The trustee shall, after the expiry of the time limit set out in Article (88) of this Decree-Law, provide a list of the creditors who have filed their claims, a statement of the amount of each debt separately, the supporting documents and its securities, if any, his opinion on accepting, modifying or rejecting the same, and his proposals on the payment method, if possible. The trustee shall deposit such list with the Court within ten (10) working days from the expiry date of the time limit specified for the creditors to file their claims. This time limit may, if necessary, be extended once for a similar period under a decision of the Court.
2. The trustee shall, within three (3) working days following the deposit, publish the debt list and the statement of the accepted amounts of each debt in two local widely circulated daily newspapers, one published in Arabic and the other in English.
3. Debts owed to the government for taxes or fees of different types shall be deemed accepted debts without the need to the audit by the trustee.

Article (94)

1. The debtor and each creditor, whether or not named in the debt list, may file a complaint with the Court about the claims contained in the list within seven (7) working days from

the date of publishing the list in the newspapers.

2. The Court shall decide on the complaint filed pursuant to the provisions of Clause (1) of this Article within ten (10) working days from the filing date.
3. The Court's decision may be appealed before the competent Court of Appeal. The appeal shall not cause the suspension of the proceedings, and the decision on the appeal shall be final.
4. The Court may, before adjudicating the complaint, decide to accept the debt temporarily in an amount to be estimated thereby and shall notify the trustee thereof.
5. The debt shall not be temporarily accepted if a criminal action is instituted.
6. If the complaint is related to the debt securities, it shall be temporarily accepted as an ordinary debt.
7. The share of the debt accepted temporarily shall be retained from the sale proceeds of the debtor's assets and upon any distribution to creditors in accordance with the provisions of this Decree-Law. If the Court decides not to recognize the debt accepted temporarily or it is reduced, the retained share shall be returned, as per its ratio to the general security, to the creditors.
8. The Court shall approve a list of names of the creditors whose debts are accepted, whether finally or temporarily

Article (95)

The creditor who has failed to provide his debt documents within the time limit set out in Article (88) of this Decree-Law may submit the same to the trustee to accept the debt's supporting documents and take part in the proceedings, for acceptable reasons. The approval granted by the trustee in this regard shall be approved by the Court. In case of the trustee's rejection or failure to respond within three (3) working days from the date of the request, the creditor may submit a request to the Court for accepting the submission of the debt's supporting documents and the Court shall consider the request as soon as possible after consultation with the trustee, and issue its decision within (7) seven working days from the date of the request. If the Court orders to accept the debt, it may charge the trustee with

submitting a report on the impact of the new debt on the draft scheme, and refer the findings to the Court for approval. In all cases, the proceedings set forth in this Clause shall not suspend the proceedings of restructuring, declaration of bankruptcy and liquidation of assets, as the case may be.

Chapter Five

Report of the Trustee

Article (96)

The trustee shall prepare a report on the debtor's business and submit a copy thereof to the Court within the period it specifies, in accordance with the following:

1. His opinion on the possibility of restructuring the debtor's business and whether it is required to submit a scheme of restructuring to the creditors of the debtor, in this case the report shall be accompanied with a statement indicating the debtor's readiness to continue his business.
2. His opinion on the possibility of selling the debtor's business in whole or in part as an "existing and practiced activity" in the case of bankruptcy and liquidation of the debtor's assets.

Article (97)

1. The Court shall review the report of the trustee within ten (10) working days from the date of submitting it to ensure that the report covers all claims.
2. The period set out in Clause (1) of this Article shall be interrupted if the Court requests the trustee, during such period, to make any necessary amendments to the report and the trustee makes such amendments within a period of no more than ten (10) working days from the date of being notified of the Court's request, to be renewal for a similar period once, under the Court's decision.
3. The trustee shall provide the creditors whose debts are finally or temporarily accepted with a copy of the report within three (3) working days from the expiration date of the

period stipulated in Clause (2) of this Article, in order to submit their observations about the report.

Chapter Six

Deciding on the Report

Article (98)

1. The Court shall order the trustee to call the debtor, the creditors whose debts are finally or temporarily accepted and any controller appointed to attend one or more meetings to consider the report within (10) ten working days following the period set forth in Clause (3) of Article (97) of this Decree-Law.
2. Calling for the meeting shall be by publishing the call notice in two widely circulated local daily newspapers, one published in Arabic and the other in English. In addition, the Court may order the trustee to send the notice of the meeting by all possible means of communication.
3. The Court shall decide:
 - a. Either to Proceed with the restructuring procedures and instruct the trustee to prepare a plan for the restructuring of the Debtor's Business pursuant to Section Seven of this Chapter; or
 - b. To dismiss the application submitted pursuant to this Chapter. In this case, the Court shall issue a judgment declaring Bankruptcy and the liquidation of the assets of the Debtor pursuant to the provisions of Section Twelve of this Chapter.b.
4. The Court shall not decide to prepare a Restructuring Plan for the Debtor's Business, unless the Debtor expresses its capability and ability to continue the business and it appears to the Court, based on the documents and details available and upon hearing the Trustee's statement, that it is possible for the Debtor's business to be profitable again within a reasonable period of time appropriate to the volume and nature of the Debtor's Business and the amount of the Debtor's indebtedness.
5. The trustee shall publish the Court's decision initiating the proceedings, within five (5)

working days from the date of its issuance, in two local widely circulated daily newspapers, one published in Arabic and the other in English.

Chapter Seven

Initiating the Restructuring Proceedings

Article (99)

If the Court issues a decision initiating the restructuring proceedings, the appointed trustee shall perform his duties and shall begin to prepare and develop the scheme, with the assistance of the debtor, within a period not exceeding three (3) months from the date of the decision, and the Court may extend this period at the request of the trustee once or for several times, provided that such periods do not exceed, in the aggregate, three (3) additional months.

Article (100)

The trustee shall notify the Court, on a regular basis, every twenty one (21) working days at most, of the progress of preparing the draft scheme of restructuring.

Article (101)

1. The trustee shall deposit a copy of the draft scheme of restructuring with the Court, accompanied with a summary of the scheme of restructuring, which indicates the probability of accepting the draft scheme by the creditors, and whether it is feasible to call them for a meeting to study the draft scheme.
2. The draft scheme of restructuring shall indicate the following:
 - A. To what extent the debtor's business might re-achieve profits;
 - B. The debtor's activities to be suspended or terminated;
 - C. Terms and conditions of the settlement of any obligations;
 - D. Any performance bonds to be provided by the debtor, if any;
 - E. Any offer for buying all or part of the debtor's assets, if any;

- F. Grace periods and payment discounts;
 - G. The possibility of converting the debt into shares in the capital of any project;
 - H. The possibility of consolidating, creating, redeeming, selling, or substituting any securities if it is necessary to implement the draft scheme;
 - I. Proposing a period or periods for repaying the whole debt.
3. The trustee may include in the draft scheme of restructuring any other matters deemed useful in the implementation of the scheme.

Article (102)

The scheme of restructuring shall include a timetable for its implementation, which shall not exceed five (5) years from the date of the scheme ratification by the Court, and it may be extended for a further period of no more than three years with the consent of the majority of creditors who hold two-thirds of the debts unpaid in accordance with the scheme and any amendments thereto.

Article (103)

1. The Court shall, within ten (10) working days from the submission date of the draft scheme of restructuring, review the draft scheme to ensure that it is in the interest of all parties. The Court may request, during such period, the trustee to make any necessary amendments to the draft scheme and return the same to the Court within no more than five (5) working days from the notification date of the Court's decision, and such period shall be renewable for a similar period.
2. The Court shall, within five (5) working days from the date of submission of the draft scheme or the date of re-submission thereof, as the case may be, request the trustee to call the creditors, within five (5) working days, for a meeting to discuss the draft scheme of restructuring and vote thereon, and the trustee shall provide the creditors whose debts are accepted with a copy of the draft scheme of restructuring.
3. The call for the meeting referred to in Paragraph (2) of this Article shall be published in two widely distributed local daily newspapers, one of which is published in Arabic and

the other in English. The call for meeting shall specify the place, date and time of the meeting. In addition, the Court may instruct the trustee to send the call for the meeting by all available methods of communication, including the notification by electronic means.

4. The meeting shall be held not less than three (3) and not more than fifteen (15) Business Days from the date of the publication of the call for meeting, as the Court may consider appropriate and proper in the interest of the Restructuring Procedure. The electronic means may be used to organize the meeting and discuss the plan or vote thereon, so that any of the creditors may easily communicate as appropriate to the procedures based on the trustee's recommendation.
5. The Court may request the trustee to call the creditors for other meetings during the same proceedings set forth in this Article, taking into account the number of the known creditors and any other circumstances of importance to the holding of the meeting.
6. If the debtor is subject to a competent regulatory authority, the Court shall call such authority to attend the meetings.

Chapter Eight

Creditor Committees

Article (104)

1. The Court may, based on the request of a group of creditors or sua sponte after consulting the Trustee, issue a decision to establish one or more committees of creditors of different categories, one or more committees of creditors holding secured debts and one or more committees of creditors holding preferential debts. The Court may also form one or more committees of holders of bonds or Sukuk for the purposes of discussing the plan and proposing, if necessary, any amendments to it at the meetings organized pursuant to Article (103) of this Decree-Law.
2. Each committee may select a representative from among the creditors or their legal and financial consultants, and specify the matters delegated to such representative pursuant

to this Decree-Law, including authorizing him on behalf of the creditors in this committee to vote on the reconstructing plan.

3. The representative of each committee shall be notified of all correspondence related to the meeting, minutes and proceedings and such representative shall be responsible for notifying the creditors represented by the committee.
4. The Court may, based on the proposal of the trustee, restrict the selected representative's powers or relieve him of his duties if it finds that the powers granted to him are broad and harmful to the interests of all the creditors or the creditors represented by the committee.
5. The Court may re-form any of the committees referred to in Clause (1) of this Article, if deemed necessary.
6. The committees formed under the provisions of this Article shall be equally treated.

Article (105)

1. The trustee and the debtor shall provide an explanation of the items of the scheme of restructuring during the meetings held to discuss the scheme.
2. Any creditor may, at the meetings held to vote on the draft scheme of restructuring, make any amendments thereto, and the committee before which the amendment is proposed and any other committee affected by the proposed amendment shall express the opinion thereof on such amendments.
3. The Court may call the creditors who might be affected by the proposed amendments for further meetings to consider the proposed amendments, and it may decide to approve or reject any of the proposed amendments in preparation for ratifying the draft scheme of restructuring in accordance with the provisions of Chapter IX of this Part.

Article (106)

1. The right to vote on the draft Restructuring Plan shall be limited to the ordinary creditors and preferential debts creditors whose debts are finally accepted.
2. The Court may authorize the secured creditors to vote on the Restructuring Plan based

on the value of their secured debts without impacting the security right if the plan affects its secured rights. The secured creditors shall not vote in situations other than the abovementioned one, unless they waive those securities in advance. Such waiver shall be recorded in the minutes of the meeting and if the Restructuring Plan is rejected, the waived security shall be reinstated.

3. Notwithstanding the provisions of Paragraph (1) of this Article, the Court may, upon the recommendation of the trustee, permit the creditors whose debts are provisionally accepted to vote on the draft Restructuring Plan. The Court shall specify in its decision the terms and limits of such permission.

Article (107)

1. The draft Restructuring Plan shall be approved by a majority vote of the creditors whose debts are finally accepted or those whose debts provisionally accepted and permitted to vote, provided that such majority holds in the aggregate at least two thirds of the accepted value of the total debts.
2. If one of the two majorities referred to in Clause (1) of this Article is not achieved, the meeting shall be postponed for seven (7) working days.
3. If one of the two majorities is not achieved after the extension in accordance with Clause (2) of this Article, it shall be deemed a rejection of the scheme of restructuring.
4. The creditors who have attended the first meeting or been represented therein, and voted for approving the scheme of restructuring may be absent from the second meeting. In such case, their approval of the scheme of restructuring at the first meeting shall remain valid and effective and their votes shall be counted in the quorum at the second meeting unless they attend the second meeting and change their previous votes or there is a change made to the scheme of restructuring.
5. Minutes of the meeting held to vote on the draft scheme of restructuring shall be written and signed by the restructuring trustee, the debtor and the present creditors permitted to vote. If one of them refuses to sign the same, his name and the reason for refusal shall be mentioned in the minutes.

6. All the creditors who participate in voting on the draft scheme of restructuring shall inform the trustee of their elected addresses for receiving notices, including the addresses to which notices by electronic means are sent. Giving notice using such means shall be effective in respect of all subsequent proceedings.
7. Items of the scheme of restructuring shall apply to the creditors voting against the scheme.

Chapter Nine

Ratification of the Scheme of Restructuring

Article (108)

1. The trustee shall, within three (3) working days from the date of the meeting at which the required majority vote for approving the scheme of restructuring, submit the draft scheme to the Court, so as to render its decision ratifying or rejecting the scheme of restructuring.
2. Any creditor whose debt is accepted and who does not approve the scheme of restructuring when voting thereon may object to the draft scheme submitted to the Court within three (3) working days from the expiry date of the time limit specified in Clause (1) of this Article. The Court shall decide on the objection submitted within five (5) working days from the date of submission of the objection and its decision in this regard shall be final.
3. The Court shall summarily issue its decision ratifying the scheme of restructuring after ensuring the fulfillment of all the conditions, and it may decide to accelerate the maturity of the debts due to the creditor who accepts to reduce his debts, in the best interest of the scheme of restructuring. The Court's decision shall be binding on all creditors at meetings of the Creditor Committee or Committees.
4. The Court shall verify that the scheme guarantees that all the creditors who are affected by the scheme will receive at least what they would have received had the debtor's assets been liquidated on the date of voting on the scheme, as per the Court's estimation

of such assets.

5. The Restructuring Plan shall not affect the priority rights established for secured debts or preferential debts as provided in this Decree-Law.

Article (109)

1. If the Court rejects to ratify the scheme of restructuring, it may return the scheme to the trustee to amend the same within ten (10) working days from the date of rejection and re-submit it thereto for ratification or may decide to initiate the proceedings of the deceleration of bankruptcy and liquidation of the debtor's assets in accordance with the provisions of this Decree-Law.
2. The debtor or any of the creditors whose debts are finally accepted may file a complaint with the Court about its decision rejecting the ratification or the amendment of the scheme of restructuring. The Court shall adjudicate on the complaint within ten (10) working days from the date of filling the complaint and its decision shall be final.

Article (110)

1. The trustee shall ensure that the sale of any of the debtor's assets to be sold in accordance with the scheme of restructuring shall be at the best price in light of the prevailing market conditions at the selling date. The trustee shall deposit the sale proceeds, which represent the value of the claims secured by the sold assets in the bank account determined by the Court.
2. The trustee shall pay the creditors whose debts are secured by the assets sold in accordance with Clause (1) of this Article, their debts when due from the sale proceeds of such assets, as per their prioritization.

Article (111)

1. The trustee or the debtor may offer the creditors an alternative security to be equivalent to the existing security. In case of non-acceptance of such offer, the Court may decide to

substitute the security if it finds that the alternative security is not less than the value of the existing security and does not constitute harm to the interests of the creditor to whom the alternative security is offered.

2. The Court's decision may be appealed before the competent Court of Appeal within five (5) working days from the issuance date of the Court's decision. The appeal shall not cause the suspension of the proceedings, and the decision on the appeal shall be final.

Article (112)

1. If any of the Debtor's Assets is inevitably essential to the continuation of the Debtor's Business, the Court may decide, either sua sponte or at the request of any Creditor or any Interested Party, that such Assets be not disposed of without the approval of the creditors, and the same shall be subject to the approval of the Court for a specified period that shall not exceed the term of implementation of the Restructuring Plan. If such Assets were the subject of a security, the Court may decide to replace the security in accordance with the provisions of this Decree-Law.
2. Any Interested Party may apply to the Court seeking the nullification of any act that may have been committed in violation of the provisions of Paragraph (1) of this Article, within three (3) years from either the date of issuance of the Court's decision or the date of ratification of the Restructuring Plan, whichever is later.

Chapter Ten

Publishing and Implementation of the Ratified Scheme of Restructuring

Article (113)

The trustee shall, within seven (7) working days from the date of ratifying the scheme of restructuring, record the Court's decision ratifying the scheme of restructuring in the commercial or professional register of the debtor, as the case may be, and publish the same in two local widely circulated daily newspapers , one published in Arabic and the other in English, provided that it contains a summary of the most important condition of the scheme

of restructuring, the debtor's name, place of residence and Registration No. in the commercial or professional register, as the case may be, and the date of the decision ratifying the scheme of restructuring.

Article (114)

1. The trustee shall supervise the scheme of restructuring throughout its implementation period.
2. The trustee shall:
 - a. Monitor the progress of the plan and report any default in its implementation to the Court;
 - b. Submit a report to the Court on the progress of the implementation of the plan every three (3) months, and provide every creditor with a copy of the report.
 - c. Cooperate with the creditors and provide them with the required details relating to their own interests, if available, in accordance with the provisions of this Decree-Law.
3. If the trustee deems it is necessary to make any amendments to the scheme of restructuring and such amendments cause changes in the rights or obligations of any party thereto, he shall request the Court to approve such amendments. The Court shall, prior to deciding on the request, notify all the parties taking part in voting on the scheme and the creditors whom it deems necessary to be notified, within five (5) working days from the date of the request of the trustee, in order to submit any observations about the required amendments within ten (10) working days from the date of notification. The Court may issue its decision approving the amendment in whole or in part or rejecting it.

Article (115)

Once all the obligations stipulated in the scheme of restructuring are fulfilled, the Court shall, at the request of the trustee, the debtor or any stakeholder, issue its decision completing the implementation of the scheme and the proceedings of restructuring of the debtor. Such decision shall be published in two local widely circulated daily newspapers,

one published in Arabic and the other in English.

Chapter Eleven

Nullity and Annulment

Article (116)

If an investigation is initiated against the debtor with regard to any of the crimes set forth in Part VI of this Decree-Law, or a criminal action is instituted against the debtor with regard to such crimes, after the ratification of the scheme of restructuring, the Court, which has ratified the scheme of restructuring, may decide, at the request of any stakeholder, take the measures it deems necessary to seize the debtor's assets. Such measures shall be canceled if it is decided to close the investigation or if a judgment of acquittal of the debtor is entered.

Article (117)

1. Every stakeholder may submit a request for nullifying the restructuring proceedings within six (6) months from the date of initiating the investigation provided for in Article (116) of this Decree-Law; otherwise the request shall be unacceptable. In any case, the request for nullifying the restructuring proceedings shall not be acceptable if submitted after the lapse of two years from the issuance date of the decision ratifying the scheme of restructuring.
2. The restructuring proceedings shall be nullified if a judgment of conviction of any of the crimes set forth in Part VI of this Decree-Law is delivered against the debtor, after the ratification of the scheme of restructuring, unless the Court decides otherwise to protect the interests of the creditors.
3. Nullity of the restructuring proceedings shall result in discharging the surety acting in good faith, who guarantees the implementation of all or some of the conditions of the scheme of restructuring.

Article (118)

1. Any stakeholder may request the Court ratifying the scheme of restructuring to annul the scheme if the debtor fails to fulfill the conditions thereof or if the debtor dies and it becomes clear that it is impossible to implement the same for any reason.
2. Annulment of the scheme of restructuring shall not result in discharging the surety, who guarantees the implementation of its conditions and he shall be summoned to attend the hearing at which the request for annulment is heard.

Article (119)

The Court may include in its judgment of nullity of the restructuring proceedings or annulment of the scheme of restructuring, an order of sealing the debtor's assets, except for the assets that may not be attached by law and the living expenses prescribed for the debtor and his dependents. The Court shall charge the trustee, within five (5) working days from the date of the nullity or annulment judgment, with publishing a summary of the judgment in two local widely circulated daily newspapers, one published in Arabic and the other in English, and the trustee shall conduct a supplemental inventory of the debtor's assets.

Article (120)

If the Court rules to nullify the restructuring proceedings or annul the scheme of restructuring, the trustee shall call the new creditors to provide their debt documents to be admitted in accordance with the admission of debts procedures, and the debts already accepted shall not be readmitted. The trustee shall exclude the debts which were fully settled and reduce the debts which were partially settled by the part that has been settled.

Article (121)

Dispositions of the debtor after the issuance of the decision ratifying the scheme of restructuring and before the nullity of the proceedings or the annulment of the scheme of restructuring shall be effective against the creditors, and they may request to rescind the

same only in accordance with the rules stipulated in the Civil Transactions Law in respect of the Paulian Action. Such action shall not be heard after the lapse of two years from the date of nullity of the proceedings or annulment of the scheme of restructuring.

Article (122)

The nullity of the proceedings or the annulment of the scheme of restructuring shall not require the creditors to refund the amounts received before the nullity or annulment judgment and such amounts shall be deducted from the value of their debts.

Article (123)

The Court may, at the request of any stakeholder, after hearing the opinion of the trustee, rule to terminate the restructuring proceedings if the debtor dies during hearing such proceedings, taking into account the interests of the creditors and the Court shall rule, in the same judgment, to declare the bankruptcy of the deceased debtor and the liquidation of his assets, subject to the provisions of Article (150) of this Decree-Law.

Chapter Twelve

Delivering a Judgment of Bankruptcy and Liquidation

Article (124)

The Court shall deliver a judgment declaring the debtor's bankruptcy and ordering the liquidation of his assets in any of the following cases:

1. If the Court adjudges to terminate the composition proceedings in accordance with the provisions of Article (64) of this Decree-Law.
2. If the debtor is the applicant and acts in bad faith or the application is intended for procrastination or evasion of financial obligations.
3. If the restructuring proceedings are inappropriate for the debtor, based on the data and documents submitted with the application, or due to the impossibility of restructuring as per the report prepared by the expert in accordance with the provisions of Article (77) of

this Decree-Law or the report of the trustee in accordance with Article (96) hereof.

4. If one of the two majorities provided for in Article (107) of this Decree-Law is not constituted.
5. If the Court decides to reject the scheme of restructuring in accordance with Article (109) of this Decree-Law.
6. If the Court renders a judgment nullifying the proceedings or annulling the scheme of restructuring in accordance with the provisions of Articles (117) and (118) of this Decree-Law.

Article (125)

The Court shall obligate the debtor who has been declared bankrupt to abstain from participation in the management of any company or engaging in any commercial activity if he breaches the obligation provided for in Article (68) of this Decree-Law and if it is proved that his act or omission leads to the declaration of his bankruptcy and liquidation of his assets, for a period not beyond the date of the debtor's rehabilitation in accordance with the provisions of this Decree-Law.

Article (126)

If the Court rules to initiate the proceedings of declaration of the debtor's bankruptcy and liquidation of his assets, it shall appoint, in its judgment, a trustee to assume conducting the proceedings of declaration of the debtor's bankruptcy and liquidation of his assets, unless the Court adjudges the continuation of the appointment of any trustee or any controller appointed during the restructuring or composition proceedings.

Article (127)

The Court may reduce the time limits set forth in this Chapter in cases it deems appropriate.

Article (128)

The trustee shall, within three (3) working days from the date of the judgment declaring the debtor's bankruptcy and liquidation of his assets, publish the judgment in two local widely circulated daily newspapers, one published in Arabic and the other in English.

Article (129)

1. The trustee shall request the creditors to file any final claims that have not been filed before, provided that they are filed within ten (10) working days from the date of publishing the judgment. Any claims received after such date shall be disregarded, unless delay is for some reason acceptable to the Court.
2. Any claims rejected by the Court shall be disregarded in accordance with the provisions of this Part.

Article (130)

The trustee shall carry out a final audit of the creditors' claims but shall not make or complete such audit if he finds that the proceeds of the sale of the Debtor's Assets will be entirely spent for legal fees or for payment of the secured debts.

Article (131)

The Court may permit the debtor, at the request of the trustee and under his supervision, to practice some or all of his business in order to sell such business at the best possible price, provided that the permission period is not more than six (6) months from the date of granting permission, and it may be extended for a further period not exceeding two (2) months, if the continuation of his business serves the interests of creditors or the public interest.

Article (132)

1. The trustee shall undertake to liquidate all the debtor's assets, except for the assets

which he may retain in accordance with the provisions of this Decree-Law.

2. If the debtor inherits or any assets devolve thereto for any reason during the bankruptcy proceedings, he shall disclose the same, and the trustee shall liquidate such assets.
3. The trustee shall sell the debtor's assets in a public auction under the Court's approval and under its supervision and control.
4. The Court may authorize the trustee to sell some or all of the debtor's assets in a public auction in accordance with the conditions determined by the Court.
5. The trustee shall use the liquidation proceeds of the debtor's assets to settle any claims against the debtor under the supervision of the Court, and any surplus proceeds shall be delivered to the debtor.

Article (133)

All correspondence of the debtor's business during the bankruptcy proceedings shall include an indication that the debtor is subject to the proceedings of declaration of bankruptcy and liquidation of assets.

Article (134)

1. The trustee shall notify the Court and the debtor every month of the progress of the proceedings of bankruptcy and liquidation.
2. The trustee shall notify the Court, the debtor and the controllers of the content of any offers he receives for the sale of all or some of the debtor's business. The Court shall decide promptly on any objection to the sale terms filed by any stakeholder, and the Court's decision shall be final in this regard.

Article (135)

1. Upon issuance of a judgment declaring the bankruptcy of the Debtor and the liquidation of the Debtor's Assets, the time limits of all debts of the bankrupt Debtor, whether they were ordinary debts, debts secured by a lien or preferential debts, shall lapse.

2. The Court may deduct from the deferred debt for which no interest is required an amount equivalent to the legal interest for the period extending from the date of the Court's judgment initiating the proceedings of declaration of bankruptcy and liquidation of assets to the date of maturity.
3. If the claims are denominated in a foreign currency, their value shall be converted into the national currency at the exchange rate prevailing at the date of the judgment declaring the debtor's bankruptcy and liquidation of his assets, unless otherwise agreed upon.

Article (136)

1. The following persons may not, directly or through an agent, purchase or submit a proposal for purchasing all or some of the debtor's assets offered for sale in accordance with the provisions of Article (131) of this Decree-Law:
 - A. The debtor;
 - B. The debtor's spouse or brother-in-law or one of his relatives to the fourth degree;
 - C. Any person who has been a partner, employee, accountant or agent of the debtor during the two years preceding the date of the judgment initiating the proceedings of declaration of the debtor's bankruptcy and liquidation of his assets.
 - D. Any person who assumes or has assumed the role of the controller after initiating the bankruptcy proceedings.
2. Notwithstanding the provisions of Clause (1) of this Article, the persons referred to in Paragraphs (B), (C) and (D) of Clause (1) of this Article may purchase the debtor's assets under the approval of the Court if it serves the interest of creditors.

Article (137)

1. Taking into account any claims filed before the Court, the trustee shall distribute the liquidation proceeds, as per the order of priority, to the creditors in accordance with the provisions of Chapter VI of Part V of this Decree-Law, after obtaining the approval of the Court.

2. The trustee may distribute the liquidation proceeds after each sale or after the accumulation of funds generated by the total sales.
3. The trustee shall, after each sale, submit a distribution list to the Court for approval.
4. The creditor shall receive his share of the proceeds in the place where the trustee performs his mission, unless otherwise agreed upon between the trustee and the creditor.
5. Portions of the debts which have not been finally accepted and those to which objections are filed in accordance with the provisions of this Decree-Law shall be set aside and deposited in the Court's treasury until they are finally decided on.
6. The secured creditor shall be paid the proceeds of the sale of the Assets securing the debt. If the value of the assets used as security is insufficient to pay the full amount of the debt secured by mortgage or preference, the outstanding balance of the debt shall be ranked as an ordinary debt.
7. The trustee shall deliver the debtor any surplus of the liquidation proceeds after fulfilling all his liabilities.

Article (138)

1. After completion of the final distribution of the debtor's assets to the creditors, the Court shall issue a decision closing all proceedings, which shall contain a list of creditors whose debts are accepted, the amount thereof and the unpaid debt, and shall order the trustee to publish such decision in two local widely circulated daily newspapers, one published in Arabic and the other in English.
2. The trustee shall return all the documents in his custody to the debtor after the completion of the proceedings and his mission.
3. The proceedings of declaration of bankruptcy and liquidation of assets may be terminated at the request of the debtor at any time if the reasons leading to the declaration of the debtor's bankruptcy and liquidation of his assets disappear.
4. After closing the proceedings of declaration of the debtor's bankruptcy and liquidation of his assets, each creditor whose debt is accepted and not fully paid shall be entitled to

execute on the debtor's assets to obtain the outstanding debt. Acceptance of the debt referred to in Clause (1) of this Article shall be deemed as a final judgment with respect to such execution.

Chapter Thirteen

Provisions of Corporate Bankruptcy

Article (139)

The provisions of Articles contained in this Part in addition to the provisions of Articles (172) and (173) of Part V of this Decree-Law shall apply to the Corporate Bankruptcy.

Article (140)

Once a judgment declaring bankruptcy is delivered, the company may not be liquidated outside the framework of this Decree-Law or placed under receivership.

Article (141)

1. The company's creditor may petition for bankruptcy even if he is a partner. However, the non-creditor partners may not, in their individual capacities, petition for the bankruptcy of the company.
2. The Court may, on its own initiative, or at the request of the debtor company or the competent regulatory authority, postpone declaring the bankruptcy of such company for a period not exceeding one year if its financial position is likely to be consolidated and the interests of the national economy so require. In this case, the Court shall decide to take the measures it deems appropriate to preserve the company's assets.

Article (142)

1. If the court adjudges to declare the company's bankruptcy and liquidation of its assets, all the joint partners therein, including the joint partner who has been withdrawn from the company after the cessation of payment, shall be declared bankrupt, provided that a

period of no more than one year elapses after registration of his withdrawal from the company in the commercial register.

2. The Court shall, by virtue of one judgment, declare the bankruptcy of the joint partners, even if it has no jurisdiction to declare the bankruptcy of such partners.
3. The Court shall appoint, in addition to the trustee appointed in accordance with the provisions of this Decree-Law for the company's bankruptcy proceedings, one or more trustees for the bankruptcy of the joint partners therein. Their bankruptcy shall be independent in terms of its administration, verification of its debts and the manner of its termination.

Article (143)

If the court adjudges to declare the company's bankruptcy, it may, on its own initiative or at the request of any stakeholder, adjudge to declare the bankruptcy of each person who has carried out commercial activities in its name and for his own account and has disposed of the company's assets as if they were his own.

Article (144)

1. If the Court decided to declare the company's bankruptcy, and the company's assets are not sufficient to cover at least (20%) twenty percent of its debts, the Court may order members of the board directors or managers or any of them, to pay the remainder or part of the company's debts, each within the limit of his responsibility of these debts, whenever it is proven for the court that any of them had committed the acts stipulated in sub-clauses (a), (b) and (c) of Article 147 of this Decree by Law, without prejudice to the texts of clauses (2 and 3) of that article.
2. Any member of the board of directors or managers, against whom a judgment was issued in accordance with the provision of clause (1) of this article, may appeal this judgment in accordance with the provisions stipulated in the Civil Procedures Code.
3. The appeal of the judgment issued against members of the board of directors or managers shall not result in suspending the execution of the decision to declare the

company's bankruptcy or in contesting its res judicata.

Article (145)

The legal representative of the company declared bankrupt shall act on its behalf within the limits of his powers in any matter where the law requires the opinion of the company or his presence. Further, the company's representative shall appear before the Court or the trustee whenever requested and shall give any information or explanations required from him.

Article (146)

The Court may, at the request of the trustee, order the partners or shareholders of the company to pay the outstanding balance of their shares, even before maturity. The Court may decide to limit such claim to the amount necessary for the payment of the debts of the company.

Article (147)

1. If the bankruptcy is declared, the Court may obligate the members of the board of directors, managers, or liquidators in the liquidation proceedings, which are conducted outside the framework of this Decree-Law, to pay an amount to cover the debtor's debts if it is proved that any of them commits any of the following acts during the two years following the date of initiating proceedings pursuant to this Part:
 - A. Use of commercial methods of ill-considered risks, such as disposing of goods at below the market value to acquire the assets with a view to avoiding the bankruptcy proceedings or delaying the initiation thereof.
 - B. Entering into transactions with a third party to dispose of the assets at no charge or for inadequate consideration without certain benefits or without benefits proportionate with the debtor's assets.
 - C. Paying the debts of any creditors with intent to cause damage to other creditors, during the period of his cessation of payment or the period of his debit estate.

2. The Court shall not deliver its judgment provided for in this Article if it is convinced that the natural or legal person has taken all the possible precautions to reduce the potential losses on the debtor's assets and his creditors.
3. The persons referred to above shall be relieved of liability for the acts set forth in this Article if it is established that the any entity's board members, manager or liquidators do not involve in the acts set forth in this Article or that they have reservations about the decision issued thereon.

Article (148)

Debentures and Sukuk issued by the company as set out in the Commercial Companies Law shall not be subject to the procedures set for verification of debts. However, such debentures and Sukuk shall be accepted at their nominal values within the debtor's debts after deducting what the company has paid therefrom.

Chapter Fourteen

Bankruptcy of the Debtor after his Demise, Retirement from business or Incapacitation

Article (149)

The creditor may petition for initiating the proceedings of the debtor's bankruptcy and liquidation of his assets after the debtor's demise, retirement from business or incapacitation if the conditions of declaration of bankruptcy and liquidation are satisfied in accordance with the provisions of this Decree-Law. The petition for bankruptcy in these cases may not be filed after the lapse of one year as of the date of his demise, the date of striking his name off the Commercial Register in case of his retirement from business or the date of judgment declaring his incapacitation.

Article (150)

1. The Court shall declare the bankruptcy of the deceased debtor and liquidation of his

assets if his heirs do not provide an in-kind security, bank guarantee issued by a bank operating in the State or any other guarantee accepted by the Court and sufficient to guarantee the settlement of the creditor's debt within the period specified by the Court.

2. Heirs of the deceased debtor may petition for declaration of his bankruptcy and liquidation of his assets within the period provided for in Article (149) of this Decree-Law, if some heirs object to the declaration of bankruptcy, the Court shall hear their statements and then adjudicate on the petition summarily according to the interests of the deceased debtor's creditors and heirs.
3. All the provisions set forth in this Decree-Law shall apply to the proceedings of declaration of the deceased debtor's bankruptcy and liquidation of his assets in accordance with this Article, taking into account the following:
 - A. The notice of petition for declaration of bankruptcy in the event of the trader's demise shall be served at his last domicile without the need for naming the heirs.
 - B. The heirs of the debtor declared bankrupt shall replace him in the proceedings of bankruptcy and liquidation of assets.

Article (151)

The heirs of the deceased debtor or their legal agents shall appoint the representative acting on their behalf in the proceedings of bankruptcy and liquidation of assets. If they fail to appoint their representative within seven (7) working days from the date of being notified by the trustee, the Court shall, at the request of the trustee, appoint one of them. The Court may dismiss the representative of the heirs and appoint another from among the heirs or their legal agents.

Chapter Fifteen

Common Provisions

Article (152)

The provisions contained in this Chapter shall apply to the restructuring or bankruptcy and

liquidation of assets, as the case may be, unless otherwise provided for herein.

Section One

Reclamation

Article (153)

1. The goods held in the debtor's possession on deposit, or to be sold for the account of its owner, or for the purpose of delivering the same to him may be reclaimed. The price of the goods may be reclaimed from the selling debtor if not delivered to the buyer and not paid in cash, by virtue of a commercial paper, through setting off, by entering it in a current account between the debtor and the buyer.
2. If the debtor deposits goods with third parties, such goods may be reclaimed therefrom.
3. Commercial papers and other Sukuk of value delivered to the debtor for collection of their value or profits, or for having them allocated for a particular settlement may be reclaimed if they exist in the inventoried assets and their value is not paid upon declaration of bankruptcy. Nevertheless, they may not be reclaimed if entered in a current account between the applicant for reclamation and the debtor.
4. Money deposited with the debtor may not be reclaimed unless the reclaimer establishes his title thereto by specifying the same.
5. In the cases provided for in this Article, the reclaimer shall pay to the trustee any rights owed to the debtor.

Article (154)

If the sale contract is terminated by virtue of a final judgment before the issuance of the decision initiating the proceedings, the seller may request the Court to reclaim the sold items in whole or in part from the assets that have been inventoried, provided that they are in kind.

Article (155)

1. If it is decided to initiate the bankruptcy proceedings against a debtor before paying the price of goods bought before initiating the proceedings and the goods are still in the possession of the seller, the latter may retain the same.
2. If it is decided to initiate the bankruptcy proceedings after dispatching the goods to the debtor and before their entry into his stores or the stores of his agent charged with the sale thereof, the seller may recover the possession thereof. Nevertheless, the recovery may not be possible if the goods lose their identity or if the debtor disposes thereof before their arrival, without fraud, under the title documents or transport documents, to a bona fide buyer.
3. In all cases, the trustee may, under the approval of the Court, request the receipt of goods, provided that he pays to the seller the agreed price, failing which, the seller may assert his right to termination and claim for damages.

Article (156)

Without prejudice to the provisions of Article (48) of the Commercial Transactions Law, if it is decided to initiate the proceedings against the debtor before paying the price and after the entry of the goods into his stores or the stores of his agent charged with the sale thereof, the seller may not request the termination of the sale contract or the reclamation of the goods, and every clause that may enable the seller to reclaim the goods shall not be invoked vis à vis the creditors.

Section Two

Deprivation of the Right to Management and Disposition

Article (157)

1. The debtor shall be prohibited from performing any of the following acts as of the date of the decision initiating the proceedings:
 - A. Managing the debtor's business or paying any claims arising prior to the issuance of

- the decision initiating the proceedings except for any set-off payments made in accordance with the provisions of Chapter V of Part V of this Decree-Law;
- B. Disposing of any of his assets or paying or borrowing any amounts unless this is in accordance with the provisions of this Decree-Law. The dispositions performed at the issuance date of the decision initiating the proceedings shall be deemed as if performed after its issuance;
 - C. If the debtor's disposition is one of those which shall not be legally valid or enforceable vis a' vis third parties except by registration or other procedures, it shall not apply to the creditors unless the procedures are conducted prior to the issuance of the decision initiating the proceedings.
 - D. Disposing of the company's shares or stocks or making a change in its ownership or legal form, if the debtor is a legal person.
2. The Court may, at the request of any stakeholder, decide the invalidity of any disposition by the debtor vis a' vis the creditors, if performed in violation of the provisions of Clause (1) of this Article.

Article (158)

- 1. Prohibiting the debtor from management and disposition shall include all the assets owned by him at the date of issuance of the decision initiating the proceedings and the assets which devolve thereupon after the issuance of the decision initiating the proceedings, and the Court may rule not to enforce the dispositions at the request of any stakeholder.
- 2. Notwithstanding the provisions of Clause (1) of this Article, prohibiting the debtor from management and disposition shall not include the following:
 - A. Assets that may not be attached by law and living expenses prescribed for the debtor and his dependents;
 - B. Assets owned by third parties;
 - C. Rights relating to the personal status of the debtor.
- 3. Prohibiting the debtor from management and disposition as referred to in Clause (1) of

this Article shall not include the rights relating to his person or in his capacity as head of the family or the rights relating to a purely moral interest.

Article (159)

1. With the exception of the case of getting new financing in accordance with the provisions contained in Chapter IV of Part V of this Decree-Law, no security taken over the debtor's assets after the issuance of the decision initiating the proceedings shall be effective unless the Court permits otherwise.

Article (160)

1. The Court may decide to suspend any of the debtor's business, upon the urgent request of the trustee.
2. The Court shall adjudge the partial suspension based on the report of the trustee within a period not exceeding such period needed for the Court's approval or rejection of ratifying the draft scheme of restructuring in accordance with the provisions set forth in this Part.

Article (161)

The trustee may, during managing the proceedings, request the debtor to perform all the actions necessary to preserve the interests of his business. Further, the trustee may request the debtor to execute the effective contracts to which he is a party, subject to the provisions of Chapter IX of this Part, and the trustee may perform such actions in person, including the exercise of all the powers granted to the trustee of the composition proceedings in accordance with the provisions of Part III of this Decree-Law.

Section Three

Suspension of Judicial Proceedings and Abatement of the Interest

Article (162)

1. In cases other than those provided for in this Decree-Law, the Court decision to commence proceedings pursuant to provisions of Article (78) of this Decree-Law shall entail the suspension of judicial proceedings against the Debtor and the judicial enforcement proceedings in respect of the assets thereof. Subject to provisions of Article (186) of this Decree-Law, suspension of judicial proceedings and enforcement proceedings provided for in this Clause shall continue until the occurrence of either of the following two events whichever is earlier:
 - a. Approval of the restructuring plan in accordance with provisions of Articles (108) and (109) of this Decree-Law; or
 - b. Passage of (10) ten months from the date of issuance of the Court decision to commence bankruptcy proceedings pursuant to the provisions of Clause (1) of this Article.
2. Notwithstanding the provisions of Para. (b) of Clause (1) of this Article, after consulting the Trustee, the Court may extend the suspension of judicial proceedings and enforcement proceedings for an additional period not exceeding (4) four months.
3. Creditors of debts secured by movable or immovable assets may require the Court to exclude them from the suspension of enforcement provided for in Clause (1) of this Article, and the Court may grant this permission if the collateral granted to the Creditor requesting permission is not necessary for proceeding with the restructuring procedures or sale of the project as an operating and productive one. Furthermore, the Court may give permission if the Creditor requesting permission proves that its collateral is likely to be damaged or depreciated quickly if it does not obtain proper protection thereof.
4. The Creditor's application filed pursuant to Clause (3) of this Article shall be served upon the Trustee and the Debtor within one business day.
5. The Debtor may submit a reply to the Creditor's application and the Trustee shall express

its opinion within three business days from the date of being served the application. The Court shall decide on granting the permission within (10) ten business days from end of the period granted to the Debtor and the Trustee in accordance with this Clause. Deciding on the application to obtain the permission does not entail sending notices or exchanging submissions. Upon granting the permission, the Court shall verify the absence of any collusion between the Debtor and the Creditor whose debt is secured by movable or immovable assets, and the rank of the secured Creditor in the order of priority in case of securing more than one creditor by the same asset.

6. The Court decision dismissing the application for permission may be appealed before the competent court of appeal. The appeal shall not result in the suspension of the bankruptcy commencement proceedings. The decision made in respect of the appeal shall be final.

Article (163)

The Court may decide, at the request of the trustee and after notifying the stakeholder, to abate the legal and contractual interest, including the due interest or compensation for late payment, as of the date of initiating the proceedings up to the date of the Court's acceptance or rejection of ratifying the draft scheme in accordance with the provisions set forth in this Part.

Section Four

Performance of Obligations and Contracts

Article (164)

1. The trustee shall ensure that the debtor has the ability to perform his obligations.
2. The trustee may, in the framework of the implementation of the scheme of restructuring, pay any amount due from the debtor to the party contracting therewith under an effective contract unless the other contracting party grants the debtor a grace period for payment.

3. If the trustee does not execute the contract or does not continue its execution, the other contracting party may request the Court to terminate the contract, and this shall not cause the suspension of the proceedings.
4. If the debtor owns any common property, the trustee or any of the co-owners may request to divide the common property, even if there is an agreement not permitting the division, and any co-owner shall have the priority over others if he wishes to buy the debtor's share in exchange for just compensation as determined by Court.

Article (165)

1. The decision initiating the restructuring proceedings shall not cause the expiry of any term agreed upon to pay any debt due from the debtor. Any contractual provision which provides for otherwise shall be null and void.
2. Initiating the restructuring proceedings shall not cause the expiration or termination of any contract in force between the debtor and third parties unless it is based on personal considerations. The party contracting with the debtor shall fulfill his contractual obligations unless he invokes, prior to the issuance date of the decision initiating the proceedings, the exception of non-execution due to the debtor's failure to perform his obligations.
3. The Court may, at the request of the trustee, order to terminate any contract in force to which the debtor is a party if it is necessary to enable the debtor to practice his business or if the termination is in the best interests of all creditors of the debtor and does not substantially harm the interests of the other contracting party.
4. In the cases referred to in Clause (3) of Article (164) of this Decree-Law and Clause (3) of this Article, the contracting party may take part in the restructuring proceedings as an ordinary creditor of the compensation, if any, arising from termination, unless the Court decides that the compensation shall maintain the preference legally prescribed.

Article (166)

Notwithstanding the provisions of Article (26) of the Civil Procedure Code and the provision

of Clause (3) of Article (164) of this Decree-Law:

1. The issuance of the decision initiating the restructuring proceedings shall not cause the termination of the lease or investment contract or the maturity of the rent for the remaining period if the debtor leases or invests the property in which he practices his business; and any clause to the contrary shall be null and void.
2. The trustee may terminate the lease or investment contract of the property that is used by the debtor to practice his business prior to the expiration date agreed upon in the contract. Accordingly, he shall notify the owner or the lessor of the same by a written notice of (45) forty five working days, unless the contract provides for a shorter period.
3. The owner or the lessor may claim the termination of the lease or investment contract of the property that is used by the debtor to practice his business due to his failure to pay the due rent if such failure continues for more than three (3) months from the issuance date of the decision initiating the proceedings.
4. The Court may, at the request of the owner or the lessor, rule to terminate the lease or investment contract of the property that is used by the debtor to practice his business if he proves that the guarantees provided to him to settle the rent are not sufficient.
5. If it is decided to terminate or rescind the lease or investment contract of the property that is used by the debtor to practice his business, the owner or the lessor of such property shall have a lien on the sale proceeds of the debtor's movable assets which are considered the furniture of the leased or invested property.
6. The Court may allow the debtor or the trustee to sell the debtor's movable assets which are considered the furniture of the leased or invested property in any of the following cases:
 - A. If such assets are perishable or susceptible to impairment and maintaining the same requires extremely high cost;
 - B. If the sale of such assets does not lead to the debtor's inability to practice his business; or
 - C. If the sale of such assets does not affect the adequacy of the guarantees established for the benefit of the lessor or the owner.

7. The trustee may, after obtaining the approval of the Court, sublease the property occupied by the debtor to practice his business, even if the lease contract concluded between the debtor and the owner or the lessor states otherwise, provided that there is a clear and true benefit for the creditors and no damage is caused to the owner or the lessor of the property. In this case, the lessor shall be fairly compensated.

Article (167)

Without prejudice to the employee's rights prescribed by law, the Court may terminate the valid employment contracts concluded between the debtor whose assets are subject to restructuring or who is declared bankrupt and any of his employees, if necessary, notwithstanding the provisions contained in such contracts.

Section Five

Invalidity of Dispositions

Article (168)

1. The following dispositions may not be invoked vis à vis the creditors if performed by the debtor within the two years preceding the date of initiating the proceedings, unless the Court approves the validity of such dispositions for public interest considerations or for the interest of bona fide third party:
 - A. Donations, gifts or gratis transactions excluding customary small gifts;
 - B. Any transactions where the debtor's obligations significantly exceed the counterparty's obligations, whether they are cash or in-kind liabilities;
 - C. Payment of any debt before its maturity date, regardless of the mode of Payment;
 - D. Payment of matured debts with something other than the one agreed upon between the debtor and the creditor or in a manner different from that usually applied in paying such kind of debts. Payment by a commercial paper or a bank transfer shall be treated as payment in cash.
 - E. Creating any new security over his assets to secure pre-existing debts.

2. The Court may rule the invalidity of any disposition not mentioned in Clause (1) of this Article if such disposition is detrimental to the creditors and the contracting party was aware or was supposed to be aware that the debtor has ceased to pay his debts or that he was in the state of a debit estate.

Article (169)

1. If a judgment is issued of the invalidity of any disposition in in the rights of the creditors, the alienee shall be obligated to return what he has received from the debtor by virtue of such disposition or the value of such thing at the time of receipt. Further, he shall pay the proceeds of what he has received from the date of receipt in addition to the value of the benefits derived therefrom.
2. The alienee shall be entitled to reclaim the consideration given to the debtor if such consideration is still available in the debtor's assets; otherwise, he shall be entitled to claim from the creditors the benefits gained from such disposition and to participate in the proceedings set forth in this Part as an ordinary creditor in respect of any exceeding balance.

Article (170)

The Court may dismiss the Paulian Action instituted pursuant to Article (168) of this Decree-Law, if it finds that the debtor acted in good faith and for the purpose of practicing his business and that when doing so, there were reasons to believe that such disposition will benefit his business.

Chapter Fifteen

BIS

Bankruptcy Proceedings in Emergency Financial Crisis

Article (170)

BIS 1

Suspension of Debtor's Obligation to Apply for Commencing Bankruptcy Proceedings:

1. If the Debtor defaults in paying its debts on their maturity dates for more than (30) thirty consecutive business days, or in case that its patrimony becomes debit due to an emergency financial crisis, Debtor's obligation to file an application for commencing bankruptcy proceedings provided for in Article (68) of this Decree-Law shall be temporarily suspended until the end of the emergency financial crisis state.
2. In the event that the Debtor files the application during the emergency financial crisis, the Court may accept the application and take the actions it deems fit including initiating the proceedings without the appointment of an expert or a trustee provided that the Debtor proves that its financial turmoil or debit patrimony has resulted from the emergency financial crisis.

Article (170)

BIS 2

Offering a Settlement Agreement with Creditors:

1. If the Court accepts the Debtor's application in pursuant to Clause (2) of Article (170) bis(1) of this Decree-Law, the Debtor may require the Court to grant it a grace period not exceeding (40) forty business days for negotiating with the Creditors to reach an agreement to settle its debts.
2. The Debtor shall publish the summary of the Court decision granting it the grace period pursuant to Clause (1) of this Article in two widely circulated local daily newspapers, one published in Arabic and one published in English. The publication shall invite Creditors to negotiate a settlement agreement with the Debtor within (20) twenty business days from the date of publication. The invitation shall specify the place or method of conducting the negotiations.
3. Settlement duration proposed by the Debtor may not be more than (12) twelve months

from the date of the Court approval.

4. Summary of negotiations conducted between the Debtor and Creditors in addition to a summary of the settlement agreement accompanied by exchanged the emails shall be documented in writing. In case of reaching a debt settlement agreement with Creditors representing two thirds of the debts engaged the negotiations, such agreement shall be binding to all Creditors including those who refused to engage in the negotiations procedures.
5. The Debtor, and any Creditor who has an interest in the procedures, shall notify the Court and all Creditors of the details of the settlement agreement mentioned in this Article within (10) ten business days from the date of the written approval of Creditors. The Court may issue a decision rejecting the settlement agreement within (15) fifteen business days from the date of being notifying thereof if the Court considers that the agreement fails to comply with good faith in the discharge of obligations.
6. Any Creditor who disagrees to the settlement agreement made pursuant to this Article may file an objection with the Court within (15) fifteen business days from the date of being notified of the settlement agreement. The Court shall decide on the objection within (5) five business days from the date of filing the same. The Court decision shall be deemed final and binding to all Creditors.

Article (170)

BIS 3

Applications Filed by the Creditor:

1. The Court shall postpone the consideration of accepting any application filed therewith by a Creditor or a group or Creditors to commence proceedings pursuant to Chapter Four of this Decree-Law if the application is filed during the emergency financial crisis, until end of the emergency conditions.
2. The Court which has accepted the Debtor's application pursuant to Article (170) Ter shall not take any precautionary measures against any of the Debtor's assets necessary

for the continuity of its business during the period of the emergency financial crisis, including fixing seals on Debtor's business premises or its properties except those deemed by the Court to be irrelevant to the running of the Debtor's business.

Article (170)

BIS 4

Existing Proceedings

If the application for the commencement of proceedings pursuant to Chapter Three or Four of this Decree Law is filed by the Debtor or the Creditor files and the application is accepted by the Court before occurrence of the emergency financial crisis, the Court may modify the grace periods and deadlines provided for in this Decree-Law by way of granting additional grace periods not exceeding double the period granted in other than the conditions of emergency financial crises if this is required to face direct effects of the emergency financial crises on the Debtor's business. In addition, the Court may amend the obligations arising under Articles (165) through (167) of this Decree-Law.

Article (170)

BIS 5

Responsibility of the Board Members and Managers:

1. If the Debtor is a legal person who is governed by the provisions of this Decree-Law and ceases to repay the debts due pursuant to Article (170) Ter hereof, members of the board and managers of the legal person shall not be held liable in case of disposing of the Debtor's assets in order to pay unpaid wages and salaries which are paid on regular basis (excluding any allowances, bonuses or other casual payments, be them in cash or in kind) and are payable to the Debtor's employees, workers and personnel necessary for the continuity of business during the emergency financial crisis.
2. Members of the board of the legal person or the directors thereof, as applicable, shall update the company's accounts and data in light of the losses incurred due to the

emergency financial crisis, and shall act with caution and good faith. They shall work in the best way to serve the interests of the legal person to protect its objects and financial assets.

Article (170)

BIS 6

Procurement of New Finance:

In the event that the Debtor's application pursuant to provisions of Clause (2) of Article (170)Ter hereof is accepted, the Court, at the request of the Debtor, may permit the Debtor to procure new financing, with or without security, subject to the following:

1. The new financing shall have priority over any ordinary debt owed by the Debtor and existing on the date of the decision to commence the proceedings.
2. The new financing provided may be secured by a mortgage of any of the Debtor's unmortgaged assets.
3. The new financing provided may be secured by a mortgage on any of the Debtor's assets that are already mortgaged, provided that the value of said asset exceeds the amount of the debt secured by the existing mortgage. In this case, the new mortgage on a given asset shall have a lower rank than the existing mortgage thereon, unless the creditors whose debts are secured by the existing mortgage agree that the new mortgage shall have a rank equal to or higher than the existing mortgage on the said asset.

If the mortgagee is a licensed financing entity, the same asset may be mortgaged even if the value thereof is equal to the value of the debt secured by the existing mortgage, the new mortgage shall not exceed 30% of said asset. The Court may issue a decision approving the granting of the new mortgage a rank equal to or higher than the existing mortgage on the said asset; especially if the objective of the new financing is to obtain materials or services necessary for the continuity of the Debtor's business to achieve revenues for the Debtor which would assists it in settling its due debts.

Article (170)

BIS 7

Issuance of Amending Resolutions

The Cabinet may issue resolutions extending, as required, any of the time limits or dates set out in this Chapter.

Article (170)

BIS 8

General Provisions:

Where no particular a to hereinabove, shall apply to emergency financial crisis.

Part Five

General Provisions

Article (171)

The provisions contained in this Part shall apply to the proceedings set forth in Part III and Part IV, as the case may be, unless otherwise stated.

Chapter One

Applications submitted in case of Legal Persons

Article (172)

In case of submitting an application for initiating the proceedings in accordance with the provisions of Part III or Part IV of this Decree-Law, such application shall be accompanied with the document evidencing the issuance of a resolution by the majority of partners in case of the general partnerships and limited partnerships, and by the general assembly at an extraordinary meeting in case of other companies.

Article (173)

If it is decided to initiate the proceedings against the debtor company, the decision on any application concerning the liquidation of the company or placing it under receivership shall be suspended. The company, which is under liquidation, shall continue to operate in fact until the completion of the proceedings set forth in Part III and Part IV of this Decree-Law.

Chapter Two

Duties and Powers of the Trustee

Article (174)

1. The trustee appointed in accordance with the provisions of this Decree-Law shall assume his mission under the supervision of the Court, and shall follow up the proceedings expeditiously and ensure that he takes all measures providing protection of the interests of the debtor and creditors.
2. Subject to the provisions on the rights, powers and duties of the trustee provided for in Part III and Part IV of this Decree-Law, the trustee shall, while performing his duties, be subject to the same obligations of the expert in accordance with the provisions of Federal Law No. (7) of 2012 Concerning the Regulation of the Experts Profession Before Judicial Authorities, in matters which do not contradict the provisions of this Decree-Law.
3. The trustee may conduct a valuation of the debtor's assets whenever the need arises.
4. The trustee, the debtor or any creditor may request the Court to determine the scope of the trustee's powers regarding a particular matter, provided that this does not lead to suspension or disruption of the proceedings.

Article (175)

1. Once appointed, the trustee shall receive the debtor's correspondence relating to his business and review and keep the same. The trustee shall enable the debtor to have access to such correspondence.

2. The trustee shall deliver as quickly as possible to the debtor any correspondence of a personal nature or which is subject to the rules of professional secrecy and is not related to the proceedings.

Article (176)

1. The trustee shall deposit any amount received during the proceedings in the bank account determined by the Court within no more than two (2) working days from the date of receipt of such amount, and shall submit to the Court a statement of account of such amounts within five (5) working days from the date of deposit.
2. If the trustee delays the deposit of any amounts received for the purpose of deposit without justification acceptable to the Court, it may require him to pay a delay penalty of no more than (12%), for each day of delay on an annual basis, of the value of the amounts that have not been deposited, and such delay penalty shall be deposited in the account referred to in Clause (1) of this Article and shall be included in the general security of the creditors.

Article (177)

The trustee shall estimate the reasonable amount required to meet the needs of the debtor and his dependents. The Court shall summarily issue its decision approving the estimation or amending the same and its decision in this regard shall be final. Such amount shall not be included in the debtor's assets securing his debts.

Chapter Three

Reclamation

Article (178)

1. Any stakeholder may request from the trustee that the inventory conducted in accordance with the provisions of this Decree-Law does not include certain items to which his title is established and on which the debtor does have any lien at the date of

the Court's decision initiating the proceedings. He shall be entitled to request to reclaim such items and the trustee shall issue a decision approving or rejecting the request as soon as possible.

2. Any stakeholder may file a complaint about the decision issued by the trustee on the reclamation requests before the Court within a period not exceeding three working days from the date of being informed of the decision in order to adjudicate on the request by virtue of a final judgment within five working days from the filing date. The complaint shall not cause the suspension of the proceedings.

Article (179)

1. The debtor's spouse may determine the contents of the assets owned thereby in the inventory in accordance with any rules laid down in the financial system adopted in the marriage.
2. The debtor's spouse may, within two months from the date of publishing the decision initiating the proceedings, summarily request from the Court the reclamation of the movables or immovables owned thereby from the debtor's assets.

Article (180)

The trustee may apply for obtaining permission from the Court to include any asset purchased by the debtor's spouse in the debtor's assets or the donations determined by the debtor to such spouse during the three (3) years prior to the issuance of the decision initiating the proceedings and consider the same part of the debtor's assets.

Chapter Four

Obtaining New Financing

Article (181)

The Court may, at the request of the debtor or the trustee in the composition proceedings or the restructuring proceedings, permit the debtor to obtain new financing with or without

security, in accordance with the following:

1. Any new financing shall take precedence over any ordinary outstanding debt due from the debtor at the date of the decision initiating the proceedings in accordance with the provisions of Part III or Part IV of this Decree-Law.
2. The new financing may be secured by mortgaging any of the debtor's unencumbered assets.
3. The new financing may be secured by creating mortgage on the debtor's encumbered assets estimated at value higher than the value of the debt secured by the former mortgage. In such case, the new mortgage shall rank below the existing mortgage on the same assets, unless the creditors whose debts are secured by the mortgaged assets agree that the new mortgage ranks equal to or higher than the existing mortgage on the same assets.

Article (182)

The Court may allow the debtor, during the composition or restructuring proceedings, to obtain new financing with security that ranks higher than or equal to any existing security over his assets if the Court finds that the new financing does not affect the interests of the holder of the existing security.

Chapter Five

Offsetting

Article (183)

1. It is permissible to make an offset between the debtor and the creditor if its conditions are met before initiating the proceedings in accordance with the provisions of Part III or Part IV of this Decree-Law.
2. The debts incurred after initiating the proceedings in accordance with the provisions of Part III or Part IV of this Decree-Law may not be offset unless it is based on the scheme of composition, the scheme of restructuring or the Court's decision.

3. The remaining balance of the debt owed to the creditor after offsetting shall be added to the debtor's debts and shall have the ranking of the original debt. The remaining balance owed to the debtor shall be added to the debtor's assets, and shall be paid to any trustee to be appointed in accordance with the provisions of Part III or Part IV of this Decree-Law, as the case may be.
4. In case the creditor assigns his debt to a third party, the offset between the debtor and the third party shall not be applicable unless the Court finds that this has been made in good faith, including the case where the creditor is acquired by a third party.

Chapter Six

Order of Debt Payment

Section One

Payment of Debts in case of the Composition or Restructuring

Article (184)

Subject to the provisions of the priority of the creditor whose debt is secured by assets used as security, the following debts shall be payable when they are due, in the order set forth below:

1. Any court fees or costs or any fees or expenses of any trustee to be appointed in accordance with the provisions of Part III or Part IV of this Decree-Law and any expenses incurred during the relevant proceedings or transactions in accordance with the provisions of Part III and Part IV of this Decree-Law.
2. Any fees, expenses or costs incurred after the issuance of the decision initiating the proceedings for the purpose of providing the debtor with goods and services, or the continuation of the performance of any contract in accordance with the provisions of this Decree-Law, to the extent that such fees, costs and expenses achieve benefits for of the debtor's business or assets.
3. Any new unsecured financing obtained in accordance with the provisions of Chapter IV of Part V of this Decree-Law, including the amount of the original debt, and unpaid

related interests and expenses. This shall apply if the value of the security granted to the new financing is not sufficient to pay all due amounts to pay such financing.

Section Two

Order of Priority upon Bankruptcy and Liquidation

Article (185)

1. In the event that the Court decides to declare the Debtor bankrupt and to liquidate the Debtor's assets in accordance with the provisions of Chapter Four of this Decree-Law, the priority given to Creditors whose debts are secured by movable or immovable assets shall have precedence over other preferential creditors and ordinary creditors pro rata the value of their securities, followed by preferential creditors based on their ranks in their order of priority according to the provisions of this Decree-Law.
2. All reasonable charges and expenses incurred by the Trustee in the course of completing of procedures of sale of the collaterals securing the debts shall be deducted from the proceeds of sale of the same before distribution of such proceeds to secured creditors.

Article (186)

In case of failure of the trustee to proceed with the sale of the assets used as security within one (1) month from the date of the judgment declaring bankruptcy and the liquidation of the Debtor's Assets, the secured creditors may apply to the Court for permission to Enforce on their securities even if they have not yet been accepted. The Court shall decide to grant the permission within ten (10) Business Days from the date of the application.

Article (187)

1. Notwithstanding the provisions of Article (185) of this Decree-Law, if the trustee finds that the proceeds arising from the sale of any encumbered assets are not sufficient to cover the trustee's fees and any costs relating to the sale of such assets, he may choose not to continue such sale, and the trustee shall immediately notify the creditor holding

the security in writing of any decision he may take in respect of failure to continue the sale of the encumbered assets.

2. Any creditor may object to the decision of the trustee within three (3) working days from the date of notification. The Court shall decide on such objection within five (5) working days without pleading. Its decision shall be final in this regard.

Article (188)

1. If there are surplus proceeds of the sale of assets securing the value of the secured debt, the surplus shall be delivered to the trustee for the benefit of the debtor.
2. If the proceeds of the sale of assets securing the debt are less than the value of the secured debt after payment of fees and expenses, the remaining balance of the secured debt shall be deemed as an ordinary debt.

Section Three

Order of Payment of Preferential Debts

Article (189)

1. The following debt categories shall be considered preferential debts and shall be repaid before the ordinary debts in the following order:
 - a. Any court costs or fees including the trustee's and expert's fees and any expenses disbursed for serving the common interest of the creditors in reserving and liquidating the Debtor's Assets.
1. The outstanding end-of-service gratuity, wages and salaries of the Debtor's employees, staff and servants which are payable on a regular basis (excluding any allowances, bonuses or other casual payments or any other benefits, whether they are in cash or in kind), provided that the total thereof shall not exceed the wage or salary for (3) three months maximum. The Court may allow payment of the wages and salaries payable to the Debtor's employees, staff and servants for a period not exceeding (30) thirty days from the funds of the Debtor's Assets available in the

- Debtor's possession.
- c. The maintenance debt decided on the Debtor pursuant to a judgment issued by a competent court.
 - d. The amounts payable to government authorities.
 - e. The fees agreed upon between the creditor and any expert appointed to commence the procedures, including the legal counseling fees. The Court may estimate the fees sua sponte or based on a grievance of any creditor. The submission of the grievance shall not give rise to suspending the procedures. The Court shall decide on the grievance within (5) Business Days from the date of submission and the court decision in this regard shall be final.
 - f. Any fees, costs or expenses arising after the date of the decision to commence the procedures for the purpose of securing commodities and services for the Debtor or for continuation of the performance of any other contract for the benefit of the Debtor's Business or Assets or any fees, costs or expenses arising for the continuation of the Debtor's Business after the date of commencement of the procedures in accordance with the provisions of this Decree-Law.
2. Subject to the order of priority in accordance with the provisions of Clause (1) of this Article, the creditors' rankings in each category of debt referred to above shall be equal within such category, unless the debtor's assets are insufficient to cover the same; in this case, they shall be reduced by equal percentages.

Chapter Seven
Complaint and Appeal
Section One
Complaints
Article (190)

If the trustee appointed in accordance with the provisions of Part III or Part IV of this Decree-Law fails to notify any creditor to attend any of the meetings of creditors or the notice is not

served in accordance with the provisions of this Decree-Law, the aggrieved creditor may file a complaint with the Court in accordance with the provisions contained in the following Clauses:

1. The complainant shall file his complaint within (10) ten working days as of the day following the date of being aware of the meeting. The complaint shall not cause the suspension of the proceedings.
2. The Court shall promptly hear the complaint after calling the trustee and shall issue a decision accepting or dismissing the complaint. Its decision shall be final in this regard.
3. If the Court issues a decision accepting the complaint, it may order the stay of execution or cancellation of any decision previously issued thereby based on the results of the said meeting, without causing damage to the other creditors.

Article (191)

1. Each stakeholder may file a complaint with the Court if the trustee:
 - A. Proposes any disposition or acts in an unfair manner to cause damage to the stakeholder's interests;
 - B. Neglects or fails to perform his duties or does not exert due diligence; or
 - C. Abuses or seizes any of the debtor's assets or property or violates any of his obligations in favor of the debtor.
2. The complaint shall be filed within five (5) working days from the date of being aware of such act and the Court shall decide to dismiss the complaint or issue any appropriate decision, including the decision terminating the appointment of any trustee appointed in accordance with the provisions of Part III or Part IV of this Decree-Law and appoint a substitute trustee in the same decision. Such complaint shall not cause the suspension of the proceedings.

Section Two: Appeal

Article (192)

Without prejudice to what is expressly provided for in this Decree-Law, the decisions or judgments issued by the Court in any way in accordance with this Decree-Law may not be appealed. Likewise, the decisions issued by any trustee to be appointed in accordance with the provisions of Part III or Part IV of this Decree-Law may not be appealed.

Article (193)

The Court of Appeal may, at the request of the appellant, decide stay of execution of the appealed decision pending the adjudication of the subject of the appeal. In such case, the Court may request the appellant to provide a real security or bank guarantee issued by a bank operating in the State or any other guarantee accepted by the Court and sufficient to indemnify any damage incurred due to the invalidity of the request within the period specified by the Court.

Article (194)

The debtor or the creditor may appeal any decision or judgment issued by the Court on the acceptance or rejection of initiating the proceedings in accordance with the provisions of Part III and Part IV of this Decree-Law.

Article (195)

The debtor, in case of being a natural person, or any of his dependents may appeal the decisions issued by the Court on the sale, mortgage or disposition of any assets allocated for their living expenses, in accordance with the provisions of Part III and Part IV of this Decree-Law.

Part Six
Penalties and Rehabilitation
Chapter One
Penalties
Article (196)

For the purposes of this Part, a manager is any person who works for a legal person that is subject to the provisions of this Decree-Law and plays an active role in its decision-making process, including the person who directs and instructs the managers.

Article (197)

Whoever is declared bankrupt by virtue of a final judgment shall be punished by imprisonment for no more than (5) five years if he commits one of the following acts:

1. Concealing, destroying or altering all or some of his books with intent to cause damage to his creditors;
2. Embezzling or concealing part of his assets with intent to cause damage to his creditors;
3. Knowingly acknowledging debts undue from him, whether the acknowledgment is made in writing or orally, in the balance sheet or by refraining from submitting papers or notes with the knowledge of the consequences of such refrainment;
4. Obtaining the composition or restructuring by fraud; or
5. Fraudulently increasing his liabilities, undervaluing his assets or obtaining any other settlement by fraud.

Article (198)

The company's board members, managers and liquidators shall be punished by imprisonment for no more than (5) five years and a fine of no more than (AED 1,000,000) One Million UAE Dirhams if they commit one of the following acts, after the issuance of a final decision initiating the proceedings against the company:

1. Concealing, destroying or altering all or some of the company's books with intent to

cause damage to the creditors;

2. Embezzling or concealing part of the company's assets;
3. Knowingly acknowledging debts undue from the company, whether the acknowledgment is made in writing or orally, in the balance sheet or by refraining from submitting papers or notes in their possession with the knowledge of the consequences of such refrainment;
4. Obtaining the composition or restructuring by fraud;
5. Declaring false information about the subscribed or paid capital, distributing fictitious profits or seizing bonuses exceeding the amount set forth in the law, the memorandum of association or articles of association of the company;
6. The penalty provided for in this Article shall not apply to any person who is proven not to be involved in the act, subject of the crime, or is proven to have reserved the decision issued thereon.

Article (199)

Whoever is declared bankrupt by virtue of a final judgment and it is proven that the declaration of bankruptcy is due to his gross negligence that causes the loss of his creditors as a result of committing one of the following acts shall be punished by imprisonment for no more than (2) two years and/or a fine of no more than (AED 60,000) Sixty Thousand UAE Dirhams:

1. Spending enormous sums in false speculations not required by his business or performing gambling operations;
2. Paying one of the creditors with the intent to cause damage to the other creditors after he ceases to pay his debts for a period exceeding (30) thirty consecutive working days or he is in case of a debit estate, even if such act aims at achieving the composition or restructuring; or
3. Disposing of his assets in bad faith at an undervalue or resorting to means harmful by nature or by practice to cause harm to his creditors with the intent to delay the declaration of bankruptcy and liquidation of his assets or delay the nullity of the scheme

of composition or the scheme of financial restructuring.

Article (200)

Whoever is declared bankrupt by virtue of a final judgment and commits one of the following acts shall be punished by imprisonment for no more than one year or by a fine of no more than (AED 30,000) Thirty Thousand UAE Dirhams:

1. Failing to keep commercial books sufficient to reflect his financial position or failing to make the prescribed inventory in accordance with law;
2. Making, for the benefit of third parties, without compensation, serious commitments as to his financial situation when he makes them;
3. Refraining from providing the data requested by the trustee appointed in accordance with the provisions of Part IV of this Decree-Law or by the Court or intentionally providing false data thereto;
4. Allowing, after the cessation of payment, to grant a special benefit to one of the creditors in order to obtain the acceptance of the composition or restructuring;
5. Spending exorbitant sums on his personal or home expenses whether before or after cessation of payment; or
6. Paying any debt in contrary to the requirements of the scheme of composition or the scheme of restructuring ratified by the Court, or disposing of any assets in contrary to the provisions of the schemes.

Article (201)

Members of the board of directors of the company that was declared bankrupt by virtue of a final judgment, its managers and liquidators shall be punished by imprisonment for a period not exceeding two years and a fine not exceeding (100,000) Hundred Thousand Dirhams or with either penalties, if they commit one of the following acts:

1. Failing to keep commercial books sufficient to reflect the company's financial position or failing to make the prescribed inventory in accordance with law with the intent of causing the company or its creditors damage.

2. Intentionally Refraining from providing the data requested by the trustee appointed in accordance with the provisions of Part IV of this Decree-Law or by the Court or intentionally providing false data thereto.
3. Disposing of the company's assets following its cessation of payment with intent to prevent the creditors from obtaining such assets.
4. Paying, after the company's cessation of payment, the debt of one of the creditors with intent to cause damage to the other creditors or granting special securities or benefits to one of the creditors in preference to the others, even if such act aims at obtaining the preventive settlement or restructuring.
5. Disposing of the company's assets at an undervalue or resorting to any methods or ways detrimental to the interests of the creditors with the intent to acquire assets to avoid or delay the cessation of payment, the declaration of bankruptcy or the nullity of the preventive settlement or restructuring.
6. Spending enormous sums in gambling operations or false speculation as not required by the company's business.
7. Undertaking, for a benefit other than the company's benefit and without compensation, serious commitments with regards to its financial situation when they undertook them.

The penalty provided for in this Article shall not apply to any person who is proven not to be involved in the act subject of the crime or is proven to have reserved the decision issued thereon.

Article (202)

1. Any trustee or expert appointed by the Court in accordance with the provisions of this Decree-Law shall be punished by imprisonment for no more than (5) five years and a fine of no more than (AED 1,000,000) One Million UAE Dirhams if he seizes or embezzles any of the debtor's assets during the management thereof.
2. The penalty shall be imprisonment and/or fine if he intentionally provides false information regarding the proceedings.

Article (203)

Whoever embezzles, steals or conceals the debtor's assets after the issuance of the decision initiating the proceedings in accordance with the provisions of Part III or Part IV of this Decree-Law shall be punished by imprisonment and/or a fine, even if such person is the bankrupt's spouse or one of his ascendants or descendants, or one of his spouse's ascendants or descendants. The Court shall, on its own initiative, order the recovery of the assets even if the judgment of acquittal is rendered and the Court may order, at the request of the stakeholders, compensation when necessary.

Article (204)

Any creditor of the debtor declared bankrupt shall be punished by imprisonment if he commits one of the following acts:

1. Fraudulently increasing the debts due from the debtor;
2. Require for himself, with the debtor or with the others, special benefits in return for voting in the deliberations of the composition or restructuring; or
3. Intentionally concluding with the debtor, following the cessation of payment, a secret agreement granting him special benefits causing damage to the other creditors.

The Court shall, on its own initiative, decide to annul the said agreements, with respect to the debtor and anyone else, and obligate the creditor to return what he seizes under the void agreement, even if the judgment of acquittal is rendered and the Court may order, at the request of the stakeholders, compensation when necessary.

Article (205)

Whoever declares, by fraud during the proceedings of composition; restructuring or bankruptcy and liquidation, fictitious debts in his name or in the name of third parties shall be punished by imprisonment.

Article (206)

Any debtor who:

1. Deliberately conceals all or some of his assets or overestimates the same with intent to obtain the composition or restructuring;
 2. Deliberately enables a creditor, who is fictitious or prohibited from participating in the composition or restructuring or exaggerates his debt, to participate in the deliberations and voting, or deliberately allows him to participate therein; or
 3. Deliberately neglects to mention a creditor in the list of creditors,
- Shall be punished by imprisonment for no more than (5) five years.

Article (207)

Any creditor who:

1. Deliberately overestimates his debts;
 2. Participates in the deliberations or voting on the scheme of composition or restructuring while knowing that he is legally prohibited from the same; or
 3. Intentionally concludes with the debtor a secret agreement granting him special benefits causing damage to the other creditors,
- Shall be punished by imprisonment.

Article (208)

Whoever is not a creditor and intentionally participates in the deliberations of the composition or restructuring or voting on the scheme of composition or the scheme of restructuring without the permission of the trustee or the Court shall be punished by imprisonment.

Article (209)

If the crime is relevant to an agreement concluded by the debtor with one of the creditors to grant the creditor special benefits in return for voting on the scheme of composition or

restructuring, causing damage to the other creditors, the Criminal Court may, on its own initiative, decide to annul such agreement, and to obligate the creditor to return what he seizes under the void agreement, even if the judgment of acquittal is rendered. The Court may also order, at the request of the stakeholders, compensation when necessary.

Article (210)

Each controller who deliberately provides false information about the financial situation of the debtor or supports such information shall be punished by imprisonment.

Article (211)

1. Any trustee to be appointed in accordance with the provisions of Part III or Part IV of this Decree-Law shall submit to the public prosecution, during the investigation or criminal trial, all the documents, papers, notes and information required thereby.
2. The documents and papers shall, during the investigation or criminal trial, be kept at the Office of the Court's Clerk and may be accessible or an official copy thereof may be obtained, unless the Court decides otherwise.
3. The documents and papers shall be returned against a receipt after the completion of the investigation or the trial.

Article (212)

1. If the Court decides to initiate the proceedings of composition or restructuring in accordance with the provisions of Part III or Part IV of this Decree-Law, any criminal proceedings initiated or to be initiated against the debtor shall be suspended, whether they are arising from actions of bounced checks drawn by the debtor before initiating the proceedings of composition or restructuring.
2. If the Court orders to suspend the criminal proceedings in accordance with Clause (1) of this Article, the creditor holding a bounced check shall be included within the creditors and his debt shall become part of the total debts of the debtor.

3. The suspension of the criminal proceedings against the debtor shall remain effective until the Court hearing the application for composition in bankruptcy or restructuring, as the case may be, adjudicates on the application and approves the settlements made with the creditors of the debtor in accordance with the rules regulating the required proceedings set forth in this Decree-Law.
4. If the Court approves the arrangement reached between the debtor and his creditors in accordance with the provisions of this Decree-Law, such approval shall automatically cause the extension of the suspension of the criminal proceedings initiated against the debtor until the completion of the composition or restructuring proceedings, as the case may be.
5. If the debtor obtains a decision from the competent authority on the completion of the implementation of the required proceedings and the settlement of the debts due from the debtor to the creditor holding the check, the debtor may submit an application to the Court having jurisdiction to hear the criminal action in accordance with the provisions of Article (401) of the Penal Code for the issuance of a decision on the abatement of the criminal action or stay of execution thereof, as the case may be.

Article (213)

Unless otherwise provided for in the law, any civil or commercial actions or claims relevant to the application of the provisions of this Decree-Law shall remain independent of any criminal action instituted in accordance with the provisions of this Part. The Criminal Court may not hear such actions and claims and they may not be referred thereto.

Article (214)

The Court may publish all the criminal judgments rendered in the crimes set forth in this Decree-Law by the methods prescribed for publishing the judgment declaring bankruptcy in accordance with the provisions of Part IV of this Decree-Law.

Article (215)

The Court may, upon conviction of the crimes set forth in Articles (197), (198), (199), (200) and (201) of this Decree-Law, order to deprive the convicted from directly operating, managing, controlling or playing any role in the management of any company established in accordance with the provisions of the Commercial Companies Law or engaging in any other commercial activity for a period not exceeding five (5) years from the date of the completion of the proceedings of bankruptcy and liquidation. The name of the convicted shall be entered in the commercial or professional register, as the case may be.

Article (216)

The penalties provided for in this Part shall not prejudice any severer penalty provided for in any other law.

Chapter Two

Rehabilitation of the Debtor Declared Bankrupt

Article (217)

Unless otherwise provided for in this Chapter, the rights of which the person declared bankrupt under the provisions set forth in this Decree-Law or any special laws is deprived shall be regained by the expiry of five (5) years from the date of the completion of the proceedings of bankruptcy and liquidation of assets.

Article (218)

The debtor declared bankrupt shall be rehabilitated, even if the period set forth in Article (217) of this Decree-Law does not expire if he pays all his debts, including the assets, expenses and interests for a period of one year, including the part from which he has been discharged.

Article (219)

The debtor declared bankrupt may be rehabilitated, even if the period set forth in Article (217) of this Decree-Law does not expire, in the following two cases:

1. If he obtains a settlement from his creditors and performs its conditions. This provision shall apply to the joint partner in a company against which a judgment declaring its bankruptcy is rendered if the partner obtains a settlement for him and performs its conditions.
2. If it is proven that the creditors have discharged him from all the outstanding debts due from him after the completion of the bankruptcy and liquidation proceedings.

Article (220)

The debtor who is declared bankrupt and against whom a judgment of conviction of any of the crimes set forth in Article (197) of this Decree-Law is rendered may be rehabilitated only after the expiry of three (3) years from the execution of the punishment imposed thereon, the granting of a pardon or the lapse by prescription, provided that the debtor pays all his debts including assets, interests and expenses or reaches a settlement with the creditors.

Article (221)

The debtor declared bankrupt may be rehabilitated after his demise, at the request of the heirs; and the dates set forth in Articles (219) and (220) of this Decree-Law shall be calculated as of the date of his demise.

Article (222)

If one of the creditors refrains from receiving his debt or in case of his absence or failure to know his place of residence, the debt may be deposited with the Court's treasury and the deposit receipt, with respect to rehabilitation, shall be deemed as an acquittance.

Article (223)

1. An application for rehabilitation accompanied by supporting documents shall be submitted to the Court, which has rendered the judgment declaring the bankruptcy and liquidation.
2. The Court shall send a copy of the application to the Public Prosecution and the Department of Commercial or Professional Register where the debtor is registered, as the case may be, and shall notify the creditors whose debts have been accepted in the bankruptcy proceedings of the application for rehabilitation.

Article (224)

The Public Prosecution shall submit to the Court, within twenty (20) working days from the date of receipt of a copy of the application for rehabilitation, a report containing the data of the judgments rendered against the debtor declared bankrupt in bankruptcy crimes, trials or investigations conducted with him in this regard and its opinion on the acceptance or dismissal of the application for rehabilitation, provided that such opinion is reasoned.

Article (225)

Each creditor whose debts have been accepted and who does not gain his right may file an objection to the application for rehabilitation within fifteen (15) working days from the date of being notified. The objection shall be filed under a written request to be submitted to the Court accompanied with the supporting documents.

Article (226)

The Court shall, after the expiry of the period set forth in Article (225) of this Decree-Law, notify the creditors who have filed objections to the application for rehabilitation of the date of the hearing set for adjudicating the application.

Article (227)

1. The Court shall adjudicate on the application for rehabilitation by a judgment that may

be appealed before the competent Court of Appeal.

2. If the application for rehabilitation is dismissed, such application may not be re-submitted before the lapse of six (6) months from the date of the issuance of the final judgment dismissing the application.

Article (228)

If an investigation is initiated, before adjudicating the application for rehabilitation, against the debtor declared bankrupt with regard to any of the bankruptcy crimes, or a criminal action is instituted against him with regard to such crimes, the Public Prosecution shall immediately notify the Court of the same and the Court shall suspend the adjudication of the rehabilitation application until the conclusion of the investigations without instituting a criminal action, or rendering a final judgment in this regard.

Article (229)

If the debtor is convicted by virtue of a final judgment of any of the bankruptcy crimes, after the issuance of the rehabilitation judgment, the latter judgment shall be null and void and the debtor may not be rehabilitated again except after satisfying the conditions referred to in Article (220) of this Decree-Law.

Part Seven

Final Provisions

Article (230)

3. Articles (417), (418), (419), (420) (421) and (422) of Federal Law No. (3) of 1987 Issuing the Penal Code are hereby repealed.
3. Part V of Federal Law No. (18) of 1993 Issuing the Commercial Transactions Law is hereby repealed.
3. Any provision contrary to or inconsistent with the provisions of this Decree-Law is hereby repealed.

Article (230)

Bis

The Cabinet shall issue the resolutions necessary for the implementation of the provisions of this Decree-Law, including the modification of any periods set out therein, upon the proposal of the Minister.

Article (231)

This Decree-Law shall be published in the Official Gazette and shall come into force three months following the date of its publication.

Khalifa bin Zayed Al Nahyan

President of the United Arab Emirates

Issued by us in the Presidential Palace, Abu Dhabi

On: 18 Dhul Hijjah, 1437 AH.

Corresponding to: 20 September 2016 AD.