

Cabinet Resolution No. (94) of 2024
**Concerning the Executive Regulation of the Financial Restructuring and
Bankruptcy Law Promulgated by Federal Decree-Law No. (51) of 2023**

The Cabinet:

- Upon reviewing the Constitution; and
- Federal Law No. (1) of 1972, Concerning the Competences of Ministries and the Powers of Ministers, as amended; and
- Federal Decree-Law No. (51) of 2023 issuing the Financial Restructuring and Bankruptcy Law;
- Upon the proposal of the Minister of Justice and the approval of the Cabinet,

Has resolved the following:

Article (1)

Definitions

In applying the provisions of this Resolution, the terms and expressions therein shall bear the identical definitions as prescribed in Article (1) of the Financial Restructuring and Bankruptcy Law Promulgated by Federal Decree-Law No. (51) of 2023. Moreover, the subsequent terms and expressions shall bear the meanings ascribed to them, unless the context requires otherwise:

- Law** : Financial Restructuring and Bankruptcy Law Promulgated by Federal Decree-Law No. (51) of 2023.
- Register** : The register established in the Financial Restructuring and Bankruptcy Unit at the Ministry, for recording individuals against whom court judgments have been rendered imposing any restrictions ordered by the court or for their cancellation in accordance with the provisions of the law and this Resolution.

Article (2)

Regulatory Authorities

The following authorities shall be considered the regulatory authorities in applying the provisions of the law and this Resolution, according to the scope of their jurisdiction:

1. The Central Bank of the United Arab Emirates.
2. Securities and Commodities Authority.

Article (3)

Data of the Register

The Unit shall create an electronic or paper register which shall include the following data:

1. Data related to the judicial case, its parties, the trustee, and the controller:
 - a. Case number and the competent court to hear the case.
 - b. Date of filing the case and a summary that includes the amount of the debts.
 - c. Data of the trustee, if appointed, including his workplace, phone numbers, and email address.
 - d. Data of the controller if appointed, including his workplace, phone numbers, and email address.
2. Data of the debtor if a natural person:
 - a. Name in both Arabic and English.
 - b. Nationality and date of birth.
 - c. Job.
 - d. Address, phone number and e-mail.
 - e. National ID number.
 - f. Activities he practises and the headquarter of each activity.
3. Data of the debtor if a legal person:
 - a. The business name shall be in both Arabic and English.
 - b. Commercial Registration Number.
 - c. The licence number, issuance and expiry date thereof.
 - d. The legal Form.

- e. Amount of the facility's capital, number of shares, and their nominal value (if any).
 - f. Description of the facility's status.
 - g. Address of the facility.
 - h. Phone number and email address.
 - i. Branch license (if any), along with its name in both Arabic and English.
 - j. Name of the manager or chairman of the board, as applicable.
 - k. Name of the legal representative of the facility.
 - l. Name and legal form of the partners or shareholders according to the license.
 - m. Nature of legal dispositions affecting the facility, such as mortgage.
 - n. Judgments and decisions issued by courts or judicial committees, and their dates of issue.
4. Judgments, decisions, and measures issued by the Bankruptcy Court regarding the case, their dates of issue, and dates of cancellation, if any, along with any measures taken. The inclusion of this data in the register shall be under the supervision of the head of the Unit, provided that the register shall be periodically updated.

Article (4)

Access to Register Data

1. Any stakeholder may submit a request to the Unit to access the register data according to the procedures determined by a resolution from the Minister.
2. The following conditions shall be met to access the register data:
 - a. Specifying the capacity of the applicant and attach proof thereto.
 - b. Determining the data and information required to be accessed and justifications for the access.
 - c. Approval of the Minister or his delegate.
3. The regulatory authority may access any data listed in the register that relate to the debtor under its control.

Article (5)

Submission of the Debtor's Application to Initiate Bankruptcy Proceedings

1. The debtor may apply to the Bankruptcy Department to initiate preventive settlement, restructuring, or bankruptcy proceedings in accordance with the provisions of Article (15) of the Law, provided that the amount of the debt that the debtor has ceased to pay or will be unable to pay upon its due date shall not be less than (300,000) three hundred thousand Dirhams if the debtor is a natural person, and not less than (500,000) five hundred thousand Dirhams if the debtor is a legal person.
2. If the debtor is controlled by a regulatory authority, it is required that the amount of the debt that the debtor has ceased to pay or will be unable to pay upon its due date shall not be less than (5,000,000) five million Dirhams in order to submit an application to initiate the proceedings.

Article (6)

Submission of Application by the Creditor(s) to Initiate Bankruptcy Proceedings

1. A creditor or a group of ordinary creditors may apply to the Bankruptcy Department to initiate restructuring proceedings for the debtor or declare its bankruptcy in accordance with the provisions of Article (16) of the Law, provided that the amount of the debt or the total debts that the debtor has ceased to pay shall not be less than (1,000,000) one million Dirhams. If the debtor is subject to a regulatory authority, it shall be required that the amount of the debt shall not be less than (10,000,000) ten million Dirhams.
2. A creditor holding a debt secured by a mortgage or lien may apply to the Bankruptcy Department to initiate restructuring proceedings for the debtor or declare its bankruptcy if the value of the guarantees securing their rights at the time of submission of the application is less than the amount of the debt owed by the debtor to the creditor by (1,000,000) one million Dirhams, and less than (5,000,000) five million Dirhams for a group of creditors submitting the application. If the debtor is subject to a regulatory authority, it shall be required that the difference is not less than (10,000,000) ten million Dirhams.

Article (7)

The Regulatory Authority's Application to Initiate Bankruptcy Proceedings

The regulatory authority may submit an application to the Bankruptcy Department to initiate restructuring proceedings for any debtor under its supervision or to declare their bankruptcy, provided that the value of the debt that the debtor has ceased to pay or will be unable to pay when due shall not be less than (500,000) five hundred thousand Dirhams.

Article (8)

The Bank Guarantee

Except for requests submitted by regulatory authorities, both the debtor and the creditor, in case either of them submits a request to initiate proceedings, shall deposit at the Bankruptcy Court's treasury an amount of money or an approved bank guarantee payable at (5%) five percent of the total debts of the debtor or their assets at the date of submitting the request, or the total debts of the requesting creditor. This deposit is intended to cover the expenses and costs of the preliminary proceedings to decide on the request. The Head of the Bankruptcy Department may decide to accept a lower deposit amount, and may also postpone the deposit of the amount or guarantee mentioned in this Article if the debtor is the applicant and does not have the necessary liquidity for the deposit at the time of submitting the request, or if the preliminary proceedings do not require any financial costs.

Article (9)

Meeting for Voting on the Proposal for Preventive Settlement

Without prejudice to the provisions in the law regarding the meeting for voting on the proposal for preventive settlement, the meeting shall be held in accordance with the following conditions and controls:

1. The meeting shall be chaired by the debtor or his legal representative. Subject to the required approval by majority, someone from the creditors or others may be chosen to chair the meeting.

2. The person chairing the meeting shall prepare a minutes document recording the proceedings of the meeting, which shall be signed by chairperson and all attendees. Signatures of the debtor and the controller, or the debtor and the representative of the creditors' committee, or the debtor and the representative of the Unit, as the case may be, may be sufficient.
3. The minutes shall prove the place of the meeting, the date and the time when the meeting starts and ends.
4. The minutes shall record the voting ratios for the proposal for settlement and all objections raised by attendees, without prejudice to the voting controls stipulated in the law.
5. The controller shall attend the meeting, which may be held via modern communication means. If a controller has not been appointed, a representative from the creditors' committee or a representative from the Unit shall attend if the debtor is subject to regulatory authority. Additionally, the entire meeting shall be both audio and video recorded.

Article (10)

Approval of the Trustee for the Debtor's Actions

Following initiation of restructuring procedures, the debtor shall obtain the written or electronic approval of the trustee before carrying out any of the following actions or dispositions:

1. Providing or renewing a third-party guarantee.
2. Paying state or before maturity debts.
3. Establishing a subsidiary company or buying shares in another company.
4. Transferring ownership of all or some of his funds, business or his assets outside the scope of carrying out his usual activity.
5. Waiving any legal claim or entering into any financial settlement.

Article (11)

Condition for Selling the Debtor Funds by Auction

Selling the debtor's assets by auction shall require the approval of the Bankruptcy Court for the liquidation and distribution plan in accordance with the provisions of the law.

Article (12)

Procedures for Determining the Opening Price of the Auction

The assets designated for sale through auction shall be evaluated by one or more valuers appointed by the Bankruptcy Court. The controller shall determine the opening price based on the valuation report issued by the appraiser. If the report specifies a minimum and maximum value for the assets, the opening price may be set at the minimum price, the average of the two limits, or any value deemed appropriate by the controller that exceeds the minimum.

Article (13)

Procedures for Selling Securities by Auction

Notwithstanding Article (12) of this Resolution, securities issued by the federal government, local governments, public institutions, or joint-stock companies in the State, as well as any other local or non-local financial instruments accepted by the Securities and Commodities Authority, shall be sold in accordance with the procedures followed in the securities and commodities markets under the supervision and oversight of the Securities and Commodities Authority.

Article (14)

Procedures for Announcing the Auction

The auction shall be announced at least (5) five working days prior to the scheduled date on the Bankruptcy Court's website and through publication in a widely circulated daily newspaper in the State, in Arabic, and, If necessary, in another newspaper in a foreign language. This is in addition to any other means decided by the Bankruptcy Court. The announcement shall include the auction conditions, the location, date, and time of the auction, as well as any other relevant information regarding the nature of the assets under the auction.

Article (15)

Procedures for Submitting Bids in Closed Envelopes

The trustee, after obtaining approval from the Bankruptcy Court, shall determine the conditions for selling the assets through submitting bids in closed envelopes or any electronic means that may serve as a substitute. The sale shall be announced in accordance with the provisions of Article (14) of this Resolution, and shall include the following:

1. The address to which the envelopes containing the bids should be sent.
2. The method for manual delivery of the envelopes of documents.
3. The start and end dates for bid submissions, the time for opening the envelopes, and the date for conducting the auction among bidders with equal bids.
4. Any other conditions deemed necessary by the controller to be included in the announcement.

Article (16)

Approval of Bids

1. The one whose bid is approved by the Trustee shall deposit within (5) five working days of the sale session the full price approved, expenses and designated fees, and in this case the Bankruptcy Court shall issue a decision awarding the auction to such bidder.
2. If the bidder does not deposit the full amount within the time frame mentioned in Paragraph (1) of this Article without a plausible excuse, the Bankruptcy Court may offer the bid to the next bidder at the price they offered. If the next bidder agrees, the Bankruptcy Court shall accept their bid, and such bidder shall deposit the full amount within (5) five working days from the date of bid approval.
3. If the next bidder rejects the bid as stated in Paragraph (2) of this Article, the Bankruptcy Court shall re-initiate the bidding process within a period not exceeding (10) ten working days from the date of rejection, and shall follow the same procedures. The Bankruptcy Court shall award the auction to the highest bidder.
4. The defaulting bidder shall be liable for any shortfall in the sale price, and the awarding decision shall obligate the defaulting bidder to pay the price difference, if any, without any right to increase

their bid. The trustee shall recover the price difference from the security deposit provided or from the amount already paid, and shall claim any remaining amounts, if any. Under no circumstances shall the terms of sale contradict this provision.

5. In all cases, a guarantee from one of the approved banks in the State or a certified cheque shall serve as a deposit. If the depositor is a creditor and their debt amount and rank justify their exemption from the deposit, the Bankruptcy Court shall exempt them from depositing all or part of the amounts they are required to pay.
6. If the sale transaction cannot be completed at the bid amount within (30) thirty days from the date of the auction awarding due to reasons not attributable to the buyer, the buyer shall have the right to request the annulment of the auction and to recover the cash amount the buyer paid. Upon approval of the request, the Bankruptcy Court shall re-initiate the auction.
7. If the auction is delayed for legal reasons, it shall be re-initiated within (10) ten working days from the date the reasons for the delay are removed.

Article (17)

Procedures for Reducing the Baseline Price

The auction shall begin at the specified time and place in the trustee's announcement for the start of the auction. If no buyer presents themselves during the auction session, the sale shall be postponed to the next working day at the same place with a reduction of (5%) five percent from the baseline price. If no buyer presents themselves in the second auction session, the sale shall be postponed to the next working day with an additional reduction of (5%) five percent each time. In this case, it suffices for the announcement of the continuation or postponement of the sale to be made publicly and recorded in the sale minutes.

If the total reduction exceeds (25%) twenty-five percent, the sale must be postponed for a duration determined by the Bankruptcy Court, and the announcement procedures shall be re-initiated. In this case, the asset shall be sold to the highest bid presented in the first auction session.

Article (18)

Request to Initiate Procedures Against Small Debtors

Upon inventorying the debtor's assets, if it is indicated that the value of the debtor's assets does not exceed one million Dirhams (1,000,000) for natural person, and two million Dirhams (2,000,000) for legal person, the Bankruptcy Court may, on its own or upon the request of the debtor, the trustee, or any creditor, order the commencement of preventive settlement, restructuring, or bankruptcy procedures in accordance with the provisions of the law.

Article (19)

Resolution Publication and Entry into Force

This Resolution shall be published in the Official Gazette and shall enter into force as of the day following the date of enforcement of the law.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by Us:

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