

**Federal Decree Law No. (9) of 2016
On Bankruptcy**

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

- Having perused the Constitution;
- Federal Law No. (1) of 1972 on the Competencies of Ministries and Powers of Ministers, as amended;
- Federal Law No. (10) of 1980 on the Central Bank, Monetary System and Regulation of Banking Profession, as amended;
- Federal Law No. (5) of 1985 issuing 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 Procedures Law, as amended;
- Federal Law No. (35) of 1992 issuing the Criminal Procedures Law, as amended;
- Federal Law No. (18) of 1993 issuing the Commercial Transactions Law;
- Federal Law No. (1) of 2006 issuing the Electronic Transactions and Commerce Law;
- Federal Law No. (4) of 2004 on the Financial Free Zones;
- Federal Law No. (6) of 2007 Establishing and Regulating Works of the Insurance Authority, as amended;
- Federal Law No. (7) of 2012 Regulating the Expert Witness Profession before Judicial Authorities;
- Federal Law No. (2) of 2015 on the Commercial Companies; and
- Based on the proposition of the Minister of Finance and the approval of the Cabinet;

The following Decree Law is hereby enacted:

**Section 1
Definitions and Scope of Application**

Article (1)

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

State:	The United Arab Emirates.
Minister:	The Minister of Finance.
Court:	The competent court according to the jurisdiction rules provided in the Civil Procedures Law.
Competent Controlling Body:	The controlling federal or local governmental body designated under a resolution issued by the Cabinet.
Debts of Debtor:	The debts owed by the debtor on the date of issue of the Court's decision to initiate procedures, according to the provisions of Section 3 or 4 of this Decree Law or those arising from an

	obligation assumed by the debtor, before the issue of the decision of initiating procedures.
Properties of Debtor:	The elements credited to the financial account of the debtor on the date of the commencement decision or during any of the procedures provided in this Decree Law.
Business of Debtor:	The activities that are or were transacted by the debtor during taking any of the procedures provided in this Decree Law.
Account Receivable:	The condition where it is indicated that the properties of the debtor are insufficient to cover at any time his due liabilities.
Default of Payment:	Failure of the debtor to repay any due debt.
Free Zone:	Any free zone existing or established in the State under any federal or domestic legislation.
National Currency:	Emirati Dirham (AED).
Interested Party:	Any natural or juristic person has a right or an interest in any of the procedures provided in this Decree Law.
Exchange Rate:	The Emirati Dirham exchange rate against the foreign currencies announced by the Central Bank of the UAE.
Interim Measures:	Any necessary measures taken by the Court to safely maintain or manage the debtor's properties, according to the provisions of this Decree Law.
Business Day:	Any official business day in the State.
Table of Experts:	The Table of approved financial restructuring and bankruptcy experts, according to Federal Law No. (7) of 2012 referred to.

Article (2)

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

1. The companies governed by the provisions of the Commercial Companies Law.
2. The companies that are not established according to the Commercial Companies Law and wholly or partially owned by the federal or local government and whose establishing legislations, memoranda of association or articles of association provide for their submission to the provisions of this Decree Law.
3. The companies and the establishments in the Free Zones that are not governed by special provisions regulating preventive composition procedures, restructuring or bankruptcy procedures, subject to the provisions of Federal Law No. (8) of 2004 on the Financial Free Zones.

4. Any person enjoying the capacity of a trader, according to the law provisions.
5. Licensed civil companies of professional character.

Section 2

Financial Restructuring

Article (3)

1. Based on proposition of the Minister, a standing committee called (“Financial Restructuring Committee”) shall be formed under a resolution issued by the Cabinet.
2. The Resolution issued by the Cabinet, referred to in paragraph (1) of this Article, shall define the work of the Committee and the executive and procedural rules that enable the Committee to practice its competencies. The Committee may solicit any experienced and competent persons it thinks appropriate.

Article (4)

The Committee shall:

1. Oversee the management of the financial restructuring procedures of financial institutions licensed by the competent controlling bodies to facilitate reaching a consensual arrangement between the debtor and his creditors, by assistance of one expert or more appointed by the Committee for this purpose, on the conditions and procedures set out in the Cabinet Resolution referred to in paragraph (2) of Article (3) hereof.
2. Sign off the table of experts in the financial restructuring and bankruptcy affairs to handle any of the works assigned to them, according to this Decree Law, in coordination with the Ministry of Justice or the local authority in the domestic judiciary Emirates; and sign off the conditions and procedures of enrollment in the table of experts.
3. Determine the table of fees of the appointed experts and any costs incurred due to the financial restructuring procedures. The expert appointed in the financial restructuring procedures, within limits of works performed to execute the task assigned to him, shall be considered a public servant.
4. Set up and regulate a register for the persons against whom judgments are delivered, whether by imposition of any restrictions ordered by the Court or by the loss of their capacity, according to the provisions of this Decree Law. The Committee shall issue a resolution to determine the form of registers, the data to be inserted, the persons entitled to have access thereto and its conditions and other related provisions.
5. Submit periodical reports on the works, achievements and propositions of the Committee to the Minister to be enabled to handle the tasks assigned thereto under this Decree Law.
6. Any other competencies described in this Decree Law or assigned thereto by the Cabinet.

Section 3

Preventive Composition

Chapter 1

Application and Deciding thereon

Article (5)

The purpose of the preventive composition procedures provided in this Section is to assist the debtor to reach settlements with his creditors under a preventive composition scheme, under supervision of the Court, and by assistance of a composition trustee appointed according to the provisions of this Section.

Article (6)

1. Only the debtor may apply to the Court for preventive composition, if he encounters financial hardships that require assistance to reach a settlement with his creditors.
2. In order for the preventive composition application to be accepted, the debtor shall not be in default for more than (30) thirty consecutive business days due to his unstable financial position or in the condition of account receivable.

Article (7)

The debtor's preventive composition application shall entail the termination of his obligation provided in Article (68) of this Decree Law, during the period extending from the date of application submission to the issue of the Court's decision that accepts or rejects the initiation of preventive composition procedures. Such termination shall continue, if the application is accepted, throughout the period of such procedures.

Article (8)

If the debtor is subject to a competent controlling body, the debtor may apply for preventive composition provided that he notifies the competent controlling body in writing thereof (10) ten business days before the date of the application submission. The competent controlling body may submit any documents or pleas, in this regard, to the Court.

Article (9)

1. The preventive composition application, in which the reasons of application are stated, shall be submitted to the Court, accompanied by the following documents:
 - a. A memorandum of brief description of the debtor's economic and financial position and information of his properties in addition to detailed data of his employees.
 - b. Certified copy of the trade, industrial or professional license and commercial or professional registration of the debtor issued by the competent licensing authority in the Emirate.
 - c. Photocopy of the commercial books or financial statements of the debtor's business for the fiscal year that precedes the application submission.
 - d. A report that states:
 - 1) The debtor's cash flow projections and loss and profit projections for the [12] twelve months period following the application submission.
 - 2) List of names of the debtor's creditors including their addresses, rights or debts and the provided guarantees, if any.

- 3) Detailed statement of movable and immovable properties of the debtor and the estimated value of each property, on the date of application submission, and any resulting third party guarantees or rights.
 - e. Propositions of preventive composition and guarantees of its execution.
 - f. Designation of a trustee nominated by the debtor to handle the procedures, according to the provisions of this Decree Law.
 - g. If the applicant is a company, a photocopy of decision of the competent body in the company that authorizes the applicant to submit the application of taking the preventive composition procedures and photocopy of the company's incorporation documents and any amendments made thereto lodged at the competent authority in the Emirate, shall be attached to the application.
 - h. A report issued by the body in charge of credit information in the state.
 - i. Any other documents support the application.
2. If the applicant cannot submit any data or documents required under paragraph (1) of this Article, the reasons shall be expressed in the application.

Article (10)

1. The Court that considers the preventive composition application may decide, at request of any interested party or on its own initiative, to take the necessary measures to maintain or manage any properties of the debtor, including affixation of seals to the headquarters of business of the debtor, until the application is decided on.
2. The Court may decide to continue the effectiveness of any measures of the kind or decide taking any further interim measures, after accepting the preventive composition application.

Article (11)

The Court shall verify that the application is accompanied by all supporting documents. The Court may grant the debtor an intermission to provide the Court with any further data or documents that support his application.

Article (12)

The debtor shall bring into the Court an amount of money or bank guarantee in such way and on such date determined by the Court to meet the expenses and costs of the preventive composition procedures, including the fees and charges of the trustee and any appointed expert.

Article (13)

1. The Court may appoint one of the experts enrolled in the table of experts or other, if the Court fails to find a person of the required experience.
2. The appointed expert shall prepare a report on the financial position of the debtor including his opinion in the satisfaction of the conditions necessary to accept the preventive composition procedures application. The expert shall manifest whether the properties of the debtor are sufficient or insufficient to execute the preventive composition.
3. The Court shall define the tasks and fees of the expert and the period in which he must submit the report. Such period shall not exceed (20) twenty business days from the date of notifying the expert of the appointment decision.
4. The provisions of Articles (19) and (20) hereof shall apply to the expert.

Article (14)

1. The Court shall decide on the preventive composition application, without the need for the appearance of the litigants, within no later than (5) five business days from the date of submitting the application that fulfills the requirements or from the date the expert submits his report, as the case may be.
2. If the Court accepts the application, the preventive composition procedures shall be initiated.

Article (15)

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

1. The debtor is subject to preventive composition, restructuring or bankruptcy procedures and liquidation of his properties in the state, according to this Decree Law.
2. The debtor fails to provide the documents and data provided in Articles (9) and (11) of this Decree Law or submits same incomplete without reason;
3. The applicant evidently acts in bad faith or the application constitutes an abuse of litigation proceedings.
4. A final judgment of conviction is delivered against the debtor in one of the crimes set out in Section 6 of this Decree Law or in a crime of forgery, stealth, fraudulence, breach of trust or appropriation of public monies, unless he is rehabilitated.
5. The preventive composition procedures are evidently inappropriate to the debtor, based on the data and documents submitted with the application, or the report prepared by the expert, according to paragraph (2) of Article (13) of this Decree Law.
6. The Court decides initiating the bankruptcy procedures, according to Section 4 of this Decree Law.
7. The debtor fails to lodge the amount to be lodged or provide the required bank guarantee, according to Article (12) of this Decree Law.

Article (16)

The Court may summon any person who has information related to the preventive composition application. The said person shall provide the court with any information requested by the Court.

Chapter 2 **Appointment of Trustee**

Article (17)

1. If the Court decides to accept the preventive composition application, the Court shall appoint in its decision a trustee from the natural or juristic persons designated according to paragraph (1.f) of Article (9) of this Decree Law or one of the experts enrolled in the table of experts or other, if the Court fails to find a person of the required experience.
2. The Court may, *proprio motu* or at request of the debtor or the supervisor, appoint more than one composition trustee provided that their number shall not exceed three trustees concurrently.
3. If more than one composition trustee is appointed, they shall jointly perform their tasks and their decisions shall be taken by majority. In case of tie, the question shall be referred to the Court to be decided. The Court may divide the tasks among the appointed trustees and determine the way of their work, whether jointly or severally.
4. If the Court appoints a juristic person as a composition trustee, the trustee shall designate one representative or more to handle the tasks of the trustee. Such representative shall be enrolled in the table of experts, according to the provisions of this Decree Law.

5. The Court shall notify the trustee of the decision of his appointment on a date no later than the day following the issue of the decision.
6. Any creditor may lodge grievance against the decision of the Court in respect of the trustee appointment within (5) five business days from the date of publication made according to Article (35) of this Decree Law, before the Court that issues its decision regarding the grievance within (5) five business days without pleading. The decision in this regard shall be final. The grievance shall not suspend any of the procedures set out in this Section.

Article (18)

The trustee may apply to the Court to request whatever may assist him to perform his task perfectly, including the application of appointment and delegation of one expert or more from the table of experts to assist him in any of the matters falling within his competency. The appointed expert may be not enrolled in the table, if required, based on the approval of the Court. On recommendation of the trustee, the Court shall define the tasks and fees of the expert.

Article (19)

Composition trustees shall not be one of the following persons:

1. A creditor.
2. Spouse, relative by marriage or up to fourth degree relative of the debtor.
3. Any person against whom a final judgment in a felony or misdemeanor of stealth, embezzlement, fraud in commercial transactions, breach of trust, fraudulence, forgery, false testimony or one of the crimes provided in this Decree Law, bribery or any misdemeanor affecting the national economy, even if rehabilitated.
4. Any person who was a partner, employee, auditor or agent of the debtor, within the two years prior to initiating the preventive composition procedures.

Article (20)

1. The appointed trustee shall charge his fees against the performed tasks. The incurred charges shall be reimbursed to the trustee as determined by the Court from the lodged amount or the bank guarantee provided under Article (12) of this Decree Law.
2. The Court may decide disbursement of amounts, against the fees and charges, to the trustee appointed according to this Section, at any time, after he performs his tasks, by deduction from the amount lodged for the fees and charges.
3. Every interested party may lodge grievance to the Court regarding the estimation of fees and charges of the trustee. The lodging of grievance shall not entail the suspension of procedures. The Court shall decide on the grievance within (5) five business days from the date of lodging and the decision in this regard shall be final.
4. If the lodged amount or the provided bank guarantee is insufficient to meet the fees and charges, the Court shall order the debtor to lodge the difference during the specified period, or the Court may judge the termination of the preventive composition procedures.

Article (21)

1. The Court may, of its own volition, substitute the trustee, if necessary. The creditor or the debtor has the right to request the court to substitute the trustee, if he can prove that the continuity of his appointment may prejudice interests of the debtor or the creditors. Any substitute trustee shall be appointed in the same

way followed for the trustee's appointment in to this Decree Law. The substituted trustee shall cooperate as necessary to enable the substitute trustee to perform his tasks.

2. The trustee may request the Court to relieve him of his tasks. The Court may accept same and appoint a substitute. The Court may specify fees for the trustee, whom the Court accepted his request, against the performed services.

Chapter 3

Inventory of the Debtor's Properties

Article (22)

1. Upon his appointment, the trustee shall conduct inventory for the properties of the debtor, in presence of the debtor or his representative, having been notified. A report shall be executed containing the taken procedures including a list of inventory signed by the trustee and the debtor, in case of his presence, and a copy thereof shall be delivered to the Court.
2. The trustee may request the Court to issue an order to affix or remove seals on any properties of the debtor.
3. The properties, subject of inventory, shall exclude rights of the beneficiaries to retirement pension of the debtor, whether acquired before or after the date of the decision of commencement, and shall remain their property.

Article (23)

1. The Court shall provide the trustee, upon his appointment, with all information available with the Court regarding the debtor.
2. The debtor shall provide the trustee with any further details related to the requested composition procedures, within the period of time set by the trustee.

Article (24)

1. The trustee shall prepare a record where all creditors of the debtor, known to him, are listed. An updated copy of entries of this record shall be submitted to the Court.
2. The trustee shall note down the following in the record:
 - a. Address, and amount of claim and its date of maturity of every creditor.
 - b. Identify the creditors of debts backed up by a pledge or lien together with the details of the guarantees of each and the estimated value of such guarantees, in case of enforcement.
 - c. Any setoff application submitted according to Chapter 5 of Section 5 of this Decree Law.
 - d. Any other data the trustee thinks necessary to perform his tasks.

Article (25)

1. The trustee may request any data or information related to the properties or business of the debtor from any person might have such information.
2. Every person has information regarding the properties or business of the debtor shall give the trustee the necessary requested information, including any documents and accounts' books pertinent to the debtor. The trustee shall keep confidential any information related to the debtor, if such disclosure is detrimental to the debtor. The trustee shall abstain from disclosing same beyond the scope of the preventive composition procedures.

3. If such person rejects to cooperate with the trustee by providing him with the requested information, the trustee may submit the matter to the Court to decide the amount of information that can be requested and order its provision to the trustee.

Article (26)

1. The debtor or any of his staff shall, during the preventive composition procedures, manage the business of the debtor, under supervision of the trustee.
2. The trustee may request the debtor to make all necessary dispositions to maintain interests of the debtor and his creditors, during the preventive composition procedures.
3. During the performance of his duties, the trustee may make the following actions and dispositions on behalf of the debtor, whenever such actions and dispositions fulfill the purpose of the preventive composition, having attained the consent of the debtor or the permission of the Court:
 - a. Hold any of properties of the debtor in possession.
 - b. Request verification and proving the title of the debtor to any properties.
 - c. Appraise the properties of the debtor and submit a report thereof to the court.
 - d. Collect any monies or rights on behalf of the debtor.
 - e. Conclude or maintain any insurance policies necessary to continue the practice of business of the debtor.
 - f. Pay any amounts or discharge any claims that must be paid or discharged as part of executing the preventive composition scheme.
 - g. Hire any properties of the debtor or terminate lease contracts and lease any properties, if necessary.
 - h. Enter on behalf of the debtor into any arrangement, quittance or settlement with one or more of creditors of the debtor.
 - i. Obtain any guarantee which the debtor neglected to obtain or renew.
 - j. Any other works that fulfill the purpose of preventive composition and approved by the Court.

Article (27)

1. The Court may decide to suspend any of the works of the debtor, based on an urgent application submitted by the trustee.
2. The Court shall finally decide on the partial suspension, based on the report of the trustee, after the lapse of a period of not more than the Court's approval period to the preventive composition scheme draft, according to Chapter 10 of this Section.

Article (28)

1. The trustee may apply to the Court, on behalf of the debtor, to permit him to have a new finance with or without guarantee, during the preventive composition procedures to secure the continuity of business of the debtor, according to the provisions of Chapter 4 of Section 5 of this Decree Law.
2. Any guarantees on the properties of the debtor, after the decision of initiating preventive composition procedures, shall not be enforced unless taken based on a prior permission of the Court.

Chapter 4

Appointment of Supervisors

Article (29)

1. The Court may appoint one supervisor or more from the creditors nominating themselves for appointment as supervisors to supervise the execution of the preventive composition procedures. If there are two nominated creditors of the holders of ordinary debts and holders of debts backed up by a pledge or lien, at least one supervisor shall be appointed for each group.
2. If there are many creditors apply for appointment as supervisors from one group, the Court shall choose whoever it thinks fit. The Court shall take into consideration the level of their representation of the number of creditors and the amount of debt represented by each nominee to be appointed as a supervisor.
3. Every supervisor may be represented by one of his employees or his legal representative.
4. If the debtor is subject to a competent controlling body, the Court may appoint a supervisor from this body, at such body's request.
5. The supervisor or the representative of the juristic person appointed as a supervisor shall not be a spouse, relative by marriage or up to the fourth degree relative of the debtor.
6. No fees shall be charged, and no liability shall be assumed by the supervisor except for his fatal or intentional mistake in the course of performance of his tasks.
7. The debtor or any creditor may lodge grievance to the Court in respect of the appointment of the supervisor or his representative. The grievance shall not entail the suspension of procedures. The Court shall decide on the grievance within (5) five business days from lodging. The Court's decision shall be final in this regard.
8. The Court may, on its own initiative or at request of the trustee, remove the supervisor and appoint a substitute supervisor.
9. The Court may relieve the supervisor from his tasks, at his request, and appoint a substitute supervisor.

Article (30)

The supervisor shall assist the trustee and the Court and serve the general interest of the creditors. The supervisor shall follow up the satisfaction of conditions of the preventive composition scheme and notify the Court of any breach of such conditions.

Chapter 5

Restriction of Disposition of Properties

Article (31)

1. As of the date of the decision of the procedures commencement, the debtor shall not:
 - a. Pay any claims arising before the issue of the commencement decision, except any setoff payments made according to Chapter 5 of Section 5 of this Decree Law.
 - b. Dispose of any properties or borrow any amounts except under the provisions of this Decree Law and in the usual course of the debtor's works, having attained the prior consent of the trustee or the Court.
 - c. Dispose of stock or shares of, or change the ownership or legal form of the company, if the debtor is a juristic person.
2. The Court shall judge the non-enforcement of any disposition by the debtor, at request of any interested party, in breach of paragraph (1) of this Article.

Chapter 6

Suspension of Judicial Proceedings and Interest Effectiveness

Article (32)

1. In the cases other than those provided in this Decree Law, the issue of the procedures commencement decision until the approval of the preventive composition scheme, shall result in the suspension of the judicial claims and proceedings and the judicial enforcement procedures over the properties of the debtor, unless otherwise is decided by the Court.
2. By way of exception from paragraph (1) of this Article, the creditors holding debts backed up by a pledge or lien may enforce over their guarantees whenever their debts fall due. The Court shall consider granting permission within (10) ten business days from the date of application. The consideration of the permission application shall require no notice or exchange of memoranda. The Court shall, upon granting the permission, verify that there is no collusion between the debtor and the guaranteed creditor and the degree of priority of the guaranteed creditor, if there are many guaranteed creditors for the same property.
3. The decision of the Court that rejects the permission may be contested before the competent Court of Appeal. The contestation shall not result in the suspension of the preventive composition procedures. The decision issued on the contestation shall be final and conclusive.

Article (33)

The decision of procedures commencement of the approval of the preventive composition scheme shall not cause the debts owed by the debtor to fall due or suspend the interests' effectiveness.

Chapter 7

Performance of Obligations and Contracts

Article (34)

1. Subject to Articles (26) and (31) of this Decree Law, the issue of commencement decision shall not rescind or terminate any effective contract between the debtor and the contracting party. The contracting party shall perform his contractual obligations unless he obtains a judgment of stay of execution, due to the failure of the debtor to perform his obligations, before the date of issue of the procedures' commencement decision.
2. At request of the trustee, the court may order the rescission of an effective contract to which the debtor is a party, if necessary to enable the debtor to transact his business; or if such rescission would fulfill interest of all creditors of the debtor and would not fatally prejudice the interests of the party contracting with the debtor.
3. If the debtor owns common properties, the trustee or any of the partners in the common properties may request the division of properties, even if there is an agreement among them that does not permit the division. Any partner may have propriety over the other, if he wishes to purchase the share of the debtor against equitable consideration, as decided by the Court.

Chapter 8

Preventive Composition Procedures and Claims

Article (35)

The trustee shall within (5) five business days from the date of being notified of the decision of his appointment:

1. Publish summary of the decision issued on initiating the preventive composition procedures in two widely spread daily local newspapers, one issued in Arabic and the other issued in English. The publication shall include the invitation of the creditors to file their claims and the supporting documents within not more than (20) twenty business days from the date of publication.
2. Notify all creditors of known addresses to provide him with the claims and documents within (20) twenty business days from the publication of the summary of decision of initiating preventive composition procedures.

Article (36)

1. All creditors shall deliver to the trustee, within the period provided in Article (35) of this Decree Law, the documents of their debts together with stating those debts and its guarantees, if any, its maturity dates and amounts denominated in the national currency on the basis of the prevailing exchange rate on the day of issue of initiating the procedures decision.
2. The trustee may request the creditor who files his claims to provide clarifications about the debt, complete his documents or determine its amount or characters. The trustee may further request the certification of any claims by the auditor or the accountant of the creditor.

Article (37)

1. The trustee shall, after the expiration of the term specified in Article (35) of this Decree Law, develop a list of names of the creditors who filed their claims and a statement of the amount of each debt apart, the supporting documents, guarantees if any, his opinion whether to accept, amend or reject the debt and his propositions regarding the way of repayment, if possible. The trustee shall lodge this list at the Court within (10) ten business days from the expiration date of the period specified in Article (35) of this Decree Law. When necessary, such period may be extended for a similar period for once, by decision of the Court.
2. The trustee shall, within (3) three consecutive business days referred to in paragraph (1) of this Article, publish the list of debts and the statement of amounts accepted from each debt, in two widely spread local daily newspapers, one issued in Arabic and the other in English.

Article (38)

1. The debtor and every creditor, whether his name is mentioned in the list of debts or not, may object to the list within (7) seven business days from the date of publishing the list in the newspapers. This shall not entail the suspension of the preventive composition procedures.
2. The Court shall decide on the objection submitted under paragraph (1) of this Article within (10) ten business days from the date of submission.
3. The decision issued by the Court may be contested before the competent Court of Appeal within (5) five business days from the date of issue of the decision. The contestation shall not result in the suspension of the preventive composition procedures. The decision issued on the contestation shall be final.
4. Before deciding on the contestation, the Court may admit the debt temporarily and inform the trustee thereof.
5. The debt shall not be temporarily admitted, if a criminal action is filed in its regard.
6. If the objection is related to the debt guarantees, it shall be temporarily admitted as an ordinary debt.
7. The portion of the temporarily admitted debt in the proceeds of selling the guaranteed properties shall be maintained. Upon making any distribution to the creditors, according to the provisions of this Decree Law,

and if the Court decides not to recognize the temporarily admitted debt or the debt is reduced, the maintained portion shall be returned insofar its rate to the general guarantee of the creditors.

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

Article (39)

1. Unless for acceptable reasons evaluated by the trustee and the Court, the creditor who fails to present the documents of his debts during the specified period in Article (35) of this Decree Law shall not be engaged in the preventive composition procedures. The creditors whose debts are not finally admitted shall not be engaged in the preventive composition procedures.
2. By way of exception from paragraph (1) of this Article, the creditor who fails to present the documents of his debts during the specified period in Article (35) of this Decree Law may present same to the trustee to accept the debt supporting documents and to be engaged in the procedures, for accepted reasons. The consent of the trustee to same shall be approved by the Court. If the trustee rejects or fails to reply within (3) three business days, the creditor may apply to the Court to accept the submission of the debt supporting documents. The Court shall promptly, after consulting with the trustee, consider the application and issue decision within (7) seven business days from the date of the application submission. If the Court orders the admission of debt, it may assign the trustee to submit a report on the effect of the new debt on the scheme project. The result shall be submitted to the Court for approval. In all events, the procedures described in this paragraph shall not suspend the preventive composition procedures.

Chapter 9

Preventive Composition Scheme

Article (40)

1. The debtor shall assist the trustee to prepare the preventive composition scheme draft and submit it to the Court within (45) forty five business days from the date of publishing the decision of initiating preventive composition procedures. At request of the debtor or the trustee, the Court may extend this period for such period or periods which in total do not exceed (20) twenty business days. Periodical reports on the preparation of the scheme draft shall be submitted to the Court every (10) ten business days.
2. The preventive composition scheme draft shall include the following:
 - a. The possibility of the debtor's business to re-generate profits.
 - b. Activities of the debtor that must be suspended or terminated.
 - c. Terms and conditions of settlement of any liabilities.
 - d. Any performance bonds that may be requested from the debtor, if any.
 - e. Any proposal to purchase all or part of business of the debtor, if any.
 - f. Grace periods and payment deductions.
 - g. The possibility of converting the debt to share capital of any draft.
 - h. Any proposal to consolidate, create, redeem, sell or replace any guarantees, if necessary, to implement the scheme draft.
 - i. The scheme implementation period, subject to paragraph (1) of this Article.

3. The trustee may insert any other matters useful in implementation of the scheme draft in the preventive composition scheme.

Article (41)

The preventive composition scheme shall include a timetable for implementation of not more than (3) three years from the date of approving the scheme by the Court. The scheme may be extended for a similar term, by consent of the majority of the creditors holding two thirds of the debts which are not paid according to the scheme and any amendments made thereto.

Article (42)

1. The Court shall, within (10) ten business days from the date of submission of the preventive composition scheme, review the scheme draft to verify that the scheme observes the interest of all parties. The Court may request the trustee during this period to make any necessary amendments to the scheme draft and return it to the Court within not more than (10) ten business days from the date of being notified of the Court's request, renewable for a similar period and for once.
2. If the Court is satisfied with the scheme draft, it shall request the trustee within (5) five business days to invite the creditors to meeting to discuss and vote on the preventive composition scheme draft. The trustee shall furnish the creditors whose debts are admitted with a photocopy of the preventive composition scheme draft.
3. The invitation to the meeting referred to in paragraph (2) of this Article shall be made through publication in two widely spread daily local newspapers, one issued in Arabic and the other issued in English. The invitation shall specify the place and time of meeting. The Court may additionally assign the trustee to direct the invitation of meeting in all possible communication means.
4. The meeting shall be convened within (15) fifteen business days from the date of directing the invitation by publication, as determined by the Court, in consistency with the interest of the preventive composition procedures.
5. The Court may decide to invite the creditors to other meetings in the same procedures or postpone the meeting of the creditors, taking into consideration the number of known creditors and any other circumstances of significance to convening the meeting.
6. If the debtor is subject to a competent controlling body, the Court shall invite such body to attend the meetings.

Article (43)

1. After consulting with the trustee, the Court may issue a decision of forming one committee or more of the creditors, holders of ordinary debts, and one committee or more of the creditors, holders of the debts guaranteed by pledge or lien. The Court may form one committee or more of the holders of bonds and instruments for purpose of discussing the preventive composition scheme and proposing amendments thereto at the meetings convened according to Article (42) of this Decree Law.
2. Every committee may choose a representative from the creditors or from the legal or financial advisors and determine the questions authorized to him, according to the provisions of this Decree Law. All

correspondences related to the meeting shall be communicated to the representative of each committee. The committee shall be responsible for notifying the related creditors of such procedures.

3. On proposition of the trustee, the Court may limit the powers of the representative chosen or relieved of his tasks, if the Court finds that the powers conferred upon him are broad and detrimental to interest of the creditors.
4. The Court may re-form any of the committees referred to in paragraph (1) of this Article, if it thinks necessary.

Article (44)

1. The trustee and the debtor shall explain the items of the preventive composition scheme draft during the meetings convened to discuss the scheme.
2. Any creditor may propose at the meetings convened for voting on the preventive composition scheme draft making any amendments thereto. The committee before which the amendment is made and any other committee affected by the proposed amendment shall express its opinions regarding such amendments.
3. The Court may invite the creditors for further meetings to consider the proposed amendments. The Court may approve or reject any of the proposed amendments in preparation for the approval of the preventive composition scheme draft, according to Article (49) of this Decree Law.

Article (45)

1. The right to vote on the preventive composition scheme draft shall be confined to the ordinary creditors whose debts are finally admitted.
2. By way of exception from paragraph (1) of this Article, the Court may permit the creditors whose debts are temporarily admitted to vote on the preventive composition scheme draft, on proposition of the trustee. The Court shall in its decision specify the conditions and limits of granting this permission.

Article (46)

1. The creditors, holders of debts guaranteed by pledge or lien, shall not vote on the preventive composition scheme by their guaranteed debts, unless they assign such guarantees in advance. The assignment shall be taken down in the minutes of meetings.
2. If one of the creditors referred to in paragraph (1) of this Article takes part in voting on the preventive composition scheme, without declaring the assignment of his guarantees, this shall be considered an assignment of such guarantee.
3. The assignment of guarantee shall be final only if the preventive composition scheme is approved. If the composition is invalidated, the assigned guarantee shall be returned.

Article (47)

1. The preventive composition scheme draft shall be approved by the majority of the creditors whose debts are finally admitted and the creditors whose debts are temporarily admitted and permitted to vote. Such majority shall hold minimum two thirds of total ordinary admitted debts.

2. If either of the two majorities referred to in paragraph (1) of this Article is not fulfilled, the meeting shall be postponed for (7) seven business days.
3. If either of the two majorities after extension according to in paragraph (2) of this Article is not fulfilled, this shall be considered a rejection of the preventive composition scheme.
4. The creditors who attended or were represented at the first meeting and voted by consent to the preventive composition scheme may be absent at the second meeting. In this case, their consent to the preventive composition scheme at the first meeting shall be outstanding and enforced and complements the quorum at the second meeting, unless they attend the meeting and retract their previous consent or a change is made to the composition scheme.
5. Minutes of the meeting of voting on the preventive composition scheme shall be executed. The minutes shall be signed by the trustee, the debtor and the present creditors permitted to vote. If either of them rejects the signature, his name shall be mentioned in the minutes and the reason of rejecting the signature.
6. All creditors who take part in voting on the preventive composition scheme draft shall provide the trustee with the addresses for notification including the email addresses. Notification made through such means shall produce its legal effects, in connection with all subsequent procedures.
7. The scheme clauses shall apply to the creditors who voted by rejection.

Article (48)

The joint debtors with the debtor or his guarantors in the debt shall not utilize the preventive composition. However, if the composition is concluded with a company, the partners held liable in all their properties for the debts of the company shall make benefit of its conditions, unless otherwise is provided in the composition.

Chapter 10

Approval and Implementation of the Preventive Composition Scheme

Article (49)

1. The trustee shall, within (3) three business days from the date of meeting at which the voting by the required majority on the preventive composition scheme is made, lay the scheme draft before the Court to issue its decision either to approve or reject the scheme.
2. Any creditor, whose debt is admitted and rejects the scheme in the vote, may object to the draft submitted to the Court within (3) three business days from the expiration date of the intermission specified in paragraph (1) of this Article. The Court shall decide on the submitted objection within (5) five business days from the date of submitting the objection. The Court's decision in this regard shall be final.
3. The Court shall urgently issue its decision of approving the preventive composition scheme, having verified that all conditions are satisfied. The Court may advance the maturity dates of paying dues of the creditor who accepts reduction of his debt, in a way that fulfills the interest of the preventive composition scheme. The Court's decision shall be binding to all creditors.
4. The Court shall verify that the preventive composition scheme secures that all affected creditors receive at least the amounts they would have received, if the properties of the debtor are liquidated on the date of voting on the scheme, as evaluated by the Court for such properties.
5. The preventive composition scheme shall not affect the right of priority of the debts guaranteed by pledge or lien, in the way provided in this Decree Law.

Article (50)

1. If the Court disapproves the preventive composition scheme, the scheme shall be returned to the trustee for amendment within (10) ten business days from the date of being disapproved, then shall be submitted to the Court to approve it or decide initiating the debtor's declaration of bankruptcy procedures, according to this Decree Law.
2. The debtor or any of the creditors, whose debts are finally admitted, may submit a grievance to the Court against its decision of disapproving or amending the scheme. The Court shall decide on the grievance within (10) business days from the date of grievance. The Court's decision shall be final.

Article (51)

1. The debtor may offer his creditors an alternative guarantee equivalent to the outstanding guarantee. If the creditors reject such offer, the Court may order the replacement of the guarantee, if the Court finds that the alternative guarantee is equal in value to the outstanding guarantee and is not detrimental to the interest of the creditor to whom the alternative guarantee is offered.
2. The decision issued by the Court may be contested before the competent Court of Appeal within (5) five business days from the date of issue of the decision. The contestation shall not result in the suspension of the procedures. The decision issued on the contestation shall be final.

Article (52)

1. The trustee shall verify that any properties of the debtor, decided to be sold under the preventive composition scheme, shall be sold at the best price that can be obtained under the prevailing circumstances in the market on the date of sale. The trustee shall deposit, in the bank account determined by the Court, the sale proceeds representing the value of claims backed by the sold properties.
2. Upon approval of the preventive composition scheme, the trustee shall pay the creditors of guaranteed debts their debts upon maturity from the sold properties according to paragraph (1) of this Article, from the revenues of selling such properties, based on their priorities.

Article (53)

1. If certain properties of the debtor are considered substantial to continue his business, the Court may order that neither of such properties shall be disposed of, without obtaining the Court's approval, for a specific period that does not exceed the period of the preventive composition scheme. If such properties are subject to guarantee, the Court may replace the guarantee, according to the provisions of this Decree Law.
2. Each interested party may apply to the Court to annul any disposition made in breach of paragraph (1) of this Article within (3) three years from the date of issue of the Court's decision or from the date of approving the preventive composition scheme, whichever is later.

Article (54)

The trustee shall, within (7) seven business days from the date of approving the preventive composition scheme by the Court, register the Court's decision of the scheme approval in the commercial or professional registration of the debtor, as the case may be, and publish the decision in two widely spread local daily newspapers, one issued in Arabic and the other issued in English. The decision shall include a summary of the most important conditions of the composition scheme, the name, address and registration number of commercial or professional registration of the debtor, as the case may be, and the date of approving the scheme.

Article (55)

1. The trustee shall supervise the preventive composition scheme throughout the period of implementation.
2. The trustee shall:
 - a. Monitor the progress of the scheme and inform the court of any failure of implementation.
 - b. Submit a report to the Court on the progress of implementing the scheme every three months. Every creditor has the right to receive a photocopy of the report.
3. If the trustee thinks the necessity to make amendments to the preventive composition scheme during its implementation, and such amendments would cause a change to the right or duties of any party thereto, the approval of the Court to such amendments shall be attained. The court shall, before deciding on the application, notify all parties who took part in voting on the scheme and any creditors the Court thinks necessary to notify, within (5) five business days from the date of the request of the trustee to express any remarks on the required amendments, within (10) ten business days from the date of notice. The Court may issue decision of approving in whole or part, or rejecting the amendment.

Article (56)

Upon the discharge of all obligations provided in the preventive composition scheme, the Court shall at request of the trustee, the debtor or any interested party, issue its decision of the complete implementation of the preventive composition scheme. This decision shall be published in two widely spread daily newspaper, one issued in Arabic and the other issued in English.

Article (57)

In case of death of the debtor after the issue of decision of initiating procedures, the successors of the debtor or their representative may replace the debtor in the perfection of the preventive composition procedures.

Chapter 11

Nullification and Rescission

Article (58)

If investigation with the debtor is initiated in one of the crimes described in Section 6 of this Decree Law, or a criminal action is filed against him in those crimes after approving the preventive composition scheme, the Court that judged the approval of the scheme may, at request of every interested party, take necessary measures to attach the properties of the debtor. Such measures shall be cancelled, if it is decided to close investigation or the acquittal of the debtor is judged.

Article (59)

1. Every interested party may apply to annul the preventive composition scheme procedures, within (6) six months from the date of initiating the investigation provided in Article (58) of this Decree Law, or the application shall be rejected. In all cases, the preventive composition annulment application shall be rejected, if submitted after the expiration of two years from the date of issue of the preventive composition scheme approval decision.
2. The preventive composition scheme shall be null and void, if a judgment convicting the debtor in one of the crimes described in Section 6 of this Decree Law is delivered after approving the scheme, unless the Court otherwise decides to protect interest of the creditors.
3. The annulment of preventive composition scheme procedures shall result in the clearance of the good faith guarantor who guarantees the satisfaction of all or part of the scheme conditions.

Article (60)

1. Any creditor may request the Court that approved the preventive composition scheme to rescind the preventive composition scheme, if the debtor fails to satisfy its conditions or is deceased and its satisfaction becomes impossible for any reason.
2. The rescission of the preventive composition scheme shall not result in the clearance of the guarantor who guarantees the satisfaction of its conditions. The guarantor shall be ordered to appear at the hearing where the application of rescission is heard.

Article (61)

The Court shall provide in its judgment, issued on the annulment of the preventive composition scheme procedures or rescission of the preventive composition scheme, affixation of seals to the properties of the debtor, except the properties that cannot be legally attached and the subsidy established for the debtor and his dependents. The Court shall assign the trustee, within (5) five business days from the date of delivery of the annulment or rescission judgment, to publish the summary of judgment in two widely spread local daily newspapers, one issued in Arabic and the other issued in English. The trustee shall undertake a supplementary inventory of properties of the debtor.

Article (62)

The dispositions made by the debtor, after the issue of the decision of preventive composition scheme approval and before the annulment of procedures or rescission of preventive composition scheme, shall be enforced against the creditors. The creditors may request the non-enforcement of such dispositions only according to the rules described in the Civil Transactions Law in respect of the disposition non-enforcement action. Such action shall not be heard after the expiration of two years from the date of annulment of procedures or rescission of the preventive composition scheme.

Article (63)

The annulment of procedures or rescission of preventive composition scheme shall not result in obligating the good faith creditors to return the amounts paid from the debts before judging the annulment or rescission. Such amounts shall be deducted from their debts.

Chapter 12

Judging the Termination of Preventive Composition Procedures and Conversion of Procedures into Declaration of Bankruptcy and Liquidation of Properties

Article (64)

The Court shall deliver a judgment terminating the preventive composition procedures, declaration of bankruptcy, and liquidation of properties of the debtor, according to Chapter 12 of Section 4 of this Decree Law, upon judging the annulment of the preventive composition procedures or rescission of the preventive composition scheme, according to this Chapter.

Article (65)

The Court may, on its own initiative or at request of an interested party, decide to terminate the preventive composition procedures and convert the preventive composition procedures into procedures of declaration of bankruptcy of the debtor, according to Section 4 of this Decree Law, in the following two cases:

1. If the debtor is evidently in default of payment for over (30) thirty consecutive business days due to his shaken financial position or being in the condition of account receivable on the date of initiating the preventive composition procedures, or if this is revealed to the Court during the implementation of the preventive composition scheme.
2. If the application of the preventive composition scheme is impossible and the termination of the preventive composition procedures leads to the cessation of repayment for over (30) thirty consecutive business days, due to his shaken financial position or being in the condition of account receivable.

Article (66)

If the Court decides the termination of the preventive composition procedures, declaration of bankruptcy and liquidation of properties of the debtor according to Article (64) of this Decree Law, or conversion of the preventive composition procedures according to Article (65) of this Decree Law, this shall result in the following:

1. The appointment of the composition trustee shall be terminated, unless the Court decides his continuity as a trustee in bankruptcy and liquidation of properties according to Articles (82) and (126) of this Decree Law.
2. The Court that decides the termination of preventive composition procedures according to Articles (64) and (65) of this Decree Law shall continue to consider the procedures of declaration of bankruptcy and liquidation of properties of the debtor.

Section 4 Bankruptcy

Article (67)

The procedures set out in this Section shall regulate the following:

1. The debtor's restructuring, if possible, by assisting him to apply the business restructuring scheme.
2. Declaration of bankruptcy and fair liquidation of properties of the debtor to discharge his obligations.

Chapter 1 Application for Initiation of Bankruptcy Procedures

Article (68)

1. The debtor shall apply to the Court to initiate procedures, according to this Section, if he ceases repayment of his debts on the maturity dates for over (30) thirty consecutive business days due to his shaken financial position or being in the condition of account receivable.
2. If the debtor is subject to a competent controlling body, the debtor shall notify such body of his desire to submit the application referred to in paragraph (1) of this Article, (15) fifteen business days before the date of the application submission. The competent controlling body may submit any documents or pleas, in this regard, to the Court.

Article (69)

1. The creditor or group of creditors holding an ordinary debt of at least AED (100,000) one hundred thousand Dirhams may apply to the Court to initiate the procedures, according to this Section, if the creditor previously notified the debtor in writing to discharge the due debt and the debtor fails to repay same within (30) thirty consecutive business days from the date of being notified.
2. On recommendation of the Minister, the Cabinet may issue a resolution of amending the amount of debt referred to in paragraph (1) of this Article.

Article (70)

If any of the creditors retracts his request to receive a due payment before initiating procedures, the debtor shall not be considered in this case to be in default of repayment, in connection with this due payment.

Article (71)

If the debtor is subject to a competent controlling body, the application may be submitted to the Court according to this Section by such body, provided that such body provides the proof that the debtor is in the condition of account receivable.

Article (72)

For sake of public interest exigencies, the Public Prosecution may request the Court to initiate procedures, according to this Section, provided that the Prosecution proves that the debtor is in the condition of account receivable.

Article (73)

1. The application shall be submitted by the debtor or the competent controlling body to the Court in which the reasons of application are stated. The following documents shall be attached to the application:
 - (a) A memorandum of brief description of the debtor's economic and financial position and information of his properties in addition to detailed data of his employees.
 - (b) Certified copy of the trade, industrial or professional license and commercial registration of the debtor issued by the competent authority in the Emirate.
 - (c) Photocopy of the commercial books or financial statements of the debtor's business for the fiscal year that precedes the application submission.
 - (d) A report that states:
 - (1) the debtor's cash flow projections and loss and profit projections for the twelve months period following the application submission.
 - (2) List of names of the debtor's known creditors including their addresses, rights or debts and the provided guarantees, if any.
 - (3) Detailed statement of movable and immovable properties of the debtor and the estimated value of each property, on the date of application submission, and any resulting third party guarantees or rights.
 - (e) Designation of a trustee nominated by the debtor to handle the procedures, according to the provisions of this Decree Law.
 - (f) If the applicant is a company, a photocopy of decision of the competent body in the company that authorizes the applicant to submit the application of initiating procedures and photocopy of the company's incorporation documents and any amendments made thereto lodged at the competent authority in the Emirate, shall be attached to the application.
 - (g) Any other documents that support the application submission.
 - (h) A report issued by the body in charge of credit information in the state.
2. If the applicant cannot submit any of the data or documents required in paragraph (1) of this Article, the reasons shall be stated in the application.
3. If the Court finds that the provided documents are insufficient to decide on the application, it may grant the applicant an intermission to provide any further data or documents to support his application.

Article (74)

The application shall be submitted by the creditor to the Court with the following documents attached:

1. Copy of the notice referred to in paragraph (1) of Article (69) of this Decree Law.
2. Any data related to the debt inclusive the amount of debt and any available guarantees.

Article (75)

1. If the debtor is a company, the application may be submitted, even if the company is in the liquidation condition or its termination is judged and continues in actual way.
2. The submission of the application of initiating procedures according to paragraph (1) of this Article shall suspend deciding on every application which subject is the liquidation or placement of the company under receivership.

Article (76)

Except the applications submitted by the Public Prosecution, the applicant shall bring into the Court an amount of money or a bank guarantee of not more than (20) thousand Dirhams in such way and on such date determined by the Court to meet the expenses and costs of initial procedures of deciding on the application. The Court however may postpone lodging the amount or the guarantee referred to, if the necessary liquidity is not available with the debtor for lodging on the date of the application submission.

Chapter 2 **Deciding on Applications**

Article (77)

1. The Court may appoint one of the experts enrolled in the table of experts or other, if the Court fails to find a person of the required experience, to assist the Court to evaluate the position of the debtor. The Court shall determine in the same decision the tasks and fees of the expert and the period during which the report must be submitted which shall not exceed (10) ten business days from the date of decision of his appointment.
2. The appointed expert shall prepare a report on the financial position of the debtor, during the period specified by the Court, including his opinion in the possibility of the debtor's restructuring and whether the properties of the debtor are sufficient or insufficient to cover the costs of restructuring.

Article (78)

1. The Court shall decide on approving the application without litigation within not more than (5) business days from the date of submitting the application that satisfies conditions or from the date of submitting the expert report, as the case may be.
2. If the Court approves the application, the procedures shall be initiated, if the Court finds that the necessary conditions are satisfied, according to this Section.

Article (79)

The Court shall reject the application if the documents and data provided in Articles (73) and (74) of this Decree Law are not provided, or if provided incomplete without reason, unless the Court decides to accept the application on the conditions it thinks appropriate, in observation of interest of the creditors.

Article (80)

1. The court may summon any person who has information related to the application. The said person shall provide the court with any reasonable information requested by the court.
2. The Court may decide to intervene any natural or juristic person in the procedures prescribed in this Section on such conditions that secure appropriate and adequate protection of the creditors, if the properties of such person are associated with the properties of the debtor in a way that cannot be easily separated; or if the Court considers that it shall not be practical or feasible in terms of cost to initiate separate proceedings in connection with those persons.
3. The decision of intervention issued by the Court may be contested before the competent Court of Appeal. The contestation shall not result in the suspension of procedures. The decision issued on the contestation shall be considered final.

Article (81)

1. The Court that considers the application may decide, at request of any interested party or on its own initiative, to take the necessary measures to maintain or manage any properties of the debtor, including affixation of seals to the headquarters of business of the debtor, until the application is decided on.
2. The Court may decide the continuous effectiveness of any measures of the kind or decide taking any further interim measures.

Chapter 3 **Appointment of Trustee and Supervisor**

Article (82)

1. If the Court decides to accept the application submitted according to this Section, the Court shall appoint in its decision one of the experts designated according to paragraph (1/e) of Article (73) of this Decree Law or from the natural or juristic persons enrolled in the table of experts or other, if the Court fails to find a person of the required expertise.
2. The Court may, on its own initiative or at request of the debtor or the supervisor, appoint more than one trustee provided that their number shall not exceed three trustees concurrently.
3. If more than one trustee is appointed, they shall jointly perform their tasks and their decisions shall be taken by majority. In case of tie, the question shall be referred to the Court to be decided. The Court may divide the tasks among the appointed trustees and determine the way of their work, whether jointly or severally.
4. If the Court appoints a juristic person as a trustee, the trustee shall designate one representative or more to handle the tasks of the trustee. Such representative shall be enrolled in the table of experts, according to the provisions of this Decree Law.
5. The Court may decide that the preventive composition trustee continues to handle the task of the trustee, according to this Section. The Court may further appoint other trustees or remove any of them, according to this Section.
6. The Court shall notify the appointed trustee of the decision of his appointment on a date no later than the day following the issue of decision.
7. The debtor or any creditor may lodge grievance against the decision of the Court in respect of the trustee appointment within (5) five business days from the date of publication made according to Article (88) of this Decree Law, before the competent Court that issues its decision regarding the grievance within (5)

five business days without pleading. The decision in this regard shall be final. The grievance shall not suspend any of the procedures set out in this Section.

Article (83)

The trustee appointed according to this Section may apply to the Court to request whatever may assist him to perform his task perfectly, including the application of appointment and delegation of one expert or more from the table of experts to assist him in any of the matters falling within his competency. The Court may appoint an expert who is not enrolled in the table, if required. On recommendation of the trustee, the Court shall define the task and fees of the expert.

Article (84)

Trustees or experts shall not be one of the following persons:

1. A creditor of the debtor.
2. Spouse, relative by marriage or up to fourth degree relative of the debtor.
3. Any person against whom a final judgment is delivered in a felony or misdemeanor of stealth, embezzlement, fraud in commercial transactions, breach of trust, fraudulence, forgery, false testimony or one of the crimes provided in this Decree Law, bribery or any misdemeanor affecting the national economy, even if rehabilitated.
4. Any person who was a partner, employee, auditor or agent of the debtor, within the two years prior to initiating the preventive composition procedures.

Article (85)

1. Any trustee and any expert appointed according to the provisions of this Section shall charge his fees against the performed tasks. The incurred charges shall be reimbursed from the properties of the debtor known to the Court. By decision of the Court, a payment of such fees and expenses may be disbursed.
2. If the properties of the debtor are not identified or sufficient to meet such fees and charges, the trustee or the expert may apply to the chief justice to receive his dues from the Court's treasury. In case any dues are paid from the Court's treasury, the amounts paid by priority over all creditors from the initial amounts added to the properties of the debtor shall be recovered.
3. Every interested party may lodge grievance to the Court regarding the estimation of fees of the trustee or the expert appointed according to this Section. The lodging of grievance shall not entail the suspension of procedures. The Court shall decide on the grievance within (5) five business days from the date of lodging and the decision in this regard shall be final.

Article (86)

1. The Court may, of its own volition, substitute the trustee appointed according to the provisions of this Section or any expert, or appoint additional trustees or experts, if required. The debtor has the right to apply to the court to substitute the trustee or the expert, if he can prove that the continuity of his appointment may prejudice interests of the creditors. The application shall not result in the suspension of procedures. Any substitute trustee or expert shall be appointed in the same way followed for their appointment in this Decree Law. The substituted trustee shall cooperate as necessary to enable the substitute trustee to perform his tasks.

2. The trustee may request the Court to relieve him of his tasks. The Court may accept same and appoint a substitute. The Court may specify fees for the trustee, whom the Court accepted his request, against the performed services.

Article (87)

The Court shall appoint supervisors to whom appointment and determination of tasks Section 3 of this Decree shall apply.

Chapter 4 **Preparation of Creditors List**

Article (88)

1. The Court shall notify the trustee of the decision of his appointment on a date no later than the day following the issue of decision. The Court shall provide the trustee, upon his appointment, with all available information in respect of the debtor.
2. The trustee shall within (5) five business days from the date of being notified of the decision of his appointment:
 - a. Publish summary of the decision issued on initiating procedures in two widely spread daily local newspapers, one issued in Arabic and the other issued in English. The publication shall include an invitation of the creditors to file their claims and the supporting documents within not more than (20) twenty business days from the date of publication.
 - b. Notify all creditors of known addresses to provide him with the claims and documents within (20) twenty business days from the publication of the summary of decision of initiating procedures.
3. The debtor shall provide the trustee with any further details not notified to the Court, whether regarding his creditors or amounts of debts, details of any contracts in progress and any pending or current judicial proceedings to which the debtor is a party, during the period of time determined by the trustee.

Article (89)

1. The trustee shall prepare a record where all creditors of the debtor, known to him, are listed. An updated copy of entries of this record shall be submitted to the Court.
2. The trustee shall note down the following in the record:
 - a. Address, and amount of claim and its date of maturity of every creditor.
 - b. Identify the creditors of debts backed up by a pledge or lien together with the details of the guarantees of each and the estimated value of such guarantees, in case of enforcement.
 - c. Any setoff application submitted according to Chapter 5 of Section 5 of this Decree Law.
 - d. Any other data the trustee thinks necessary to perform his tasks.

Article (90)

1. The trustee may request any data or information related to the properties or business of the debtor from any person might have such information.

2. Every person has information regarding the properties or business of the debtor shall give the trustee the information requested reasonably, including any documents and accounts' books pertinent to the debtor. The trustee shall keep confidential any information related to the debtor, if the disclosure thereof is detrimental to the debtor. The trustee shall abstain from disclosing same beyond the scope of the restructuring procedures.
3. If such person rejects to cooperate with the trustee by providing him with the requested information, the trustee may submit the matter to the Court to decide the amount of information that can be requested and order its provision to the trustee.

Article (91)

1. All creditors, even if their debts are not fall due or guaranteed by pledge or lien, established by final judgments, shall deliver the trustee within the period set out in the invitation directed to them, according to Article (88) of this Decree Law, the documents of their debts together with stating such debts and their guarantees, if any, maturity dates and their amount denominated in the national currency on the basis of the prevailing exchange rate on the day of issue of the decision.
2. The trustee may request the creditor who filed his claims to provide clarifications about the debt, complete his documents or determine its amount or characters. The trustee may further request the certification of any claims by the auditor or the accountant of the creditor.

Article (92)

The creditor who received an advance payment on the account of his claim from the guarantors of the debtor shall deduct the amount received from any claim submitted to the trustee. Any guarantor of the debtor may file his claims to the trustee within limits of the amount paid to discharge the debt of the debtor.

Article (93)

1. The trustee shall, after the expiration of the term specified in Article (88) of this Decree Law, develop a list of names of the creditors who filed their claims and a statement of the amount of each debt apart, the supporting documents, guarantees if any, his opinion whether to accept, amend or reject the debt and his propositions regarding the way of repayment, if possible. The trustee shall lodge this list at the Court within (10) ten business days from the expiration date of the period specified to the creditors to file their claims. When necessary, such period may be extended for a similar period for once, by decision of the Court.
2. The trustee shall, within three business days following lodging, publish the list of debts and the statement of amounts admitted from each debt, in two widely spread local daily newspapers, one issued in Arabic and the other issued in English.
3. The debts due to the government for taxes or charges of various kinds shall be considered admitted debts without the need for audit by the trustee.

Article (94)

1. The debtor and every creditor, whether his name is mentioned in the list of debts or not, may object to the listed claims within (7) seven business days from the date of publishing the list in the newspapers.

2. The Court shall decide on the objection submitted under paragraph (1) of this Article within (10) ten business days from the date of submission.
3. The decision issued by the Court may be contested before the competent Court of Appeal. The contestation shall not result in the suspension of the procedures. The decision issued on the contestation shall be final.
4. Before deciding on the grievance, the Court may admit the debt temporarily of an amount estimated by the Court and inform the trustee thereof.
5. The debt shall not be temporarily admitted, if a criminal action is filed in its regard.
6. If the grievance is related to the debt guarantees, it shall be temporarily admitted as an ordinary debt.
7. The portion of the temporarily admitted debt in the proceeds of selling the guaranteed properties of the debtor shall be maintained. Upon making any distribution to the creditors, according to the provisions of this Decree Law, and if the Court decides not to recognize the temporarily admitted debt or the debt is reduced, the maintained portion shall be returned insofar its rate to the general guarantee of the creditors.
8. The Court shall approve a list of names of the creditors whose debts are finally or temporarily admitted.

Article (95)

The creditor who fails to present the documents of his debts during the specified period in Article (88) of this Decree Law may present same to the trustee to accept the debt supporting documents and to be engaged in the procedures, for acceptable reasons. The consent of the trustee to same shall be approved by the Court. If the trustee rejects or fails to reply within (3) three business days from the date of application, the creditor may apply to the Court to accept the submission of the debt supporting documents. The Court shall promptly, after consulting with the trustee, consider the application and issue decision within (7) seven business days from the date of the application submission. If the Court orders the admission of debt, it may assign the trustee to submit a report on the effect of the new debt on the scheme draft. The result shall be submitted to the Court for approval. In all events, the procedures described in this paragraph shall not suspend the restructuring, or declaration of bankruptcy and liquidation of properties procedures, as the case may be.

Chapter 5 Trustee Report

Article (96)

The trustee shall prepare a report regarding the works of the debtor. A copy of the report shall be submitted to the Court within the period it specifies:

1. Evaluation of the possibility of restructuring the business of the debtor and whether a restructuring scheme must be laid before the creditors of the debtor. In this case, a statement shall be attached to the report manifesting the readiness of the debtor to continue his business.
2. Evaluation of the possibility to sell business of the debtor in whole or in part on “existing and transacted activity” basis, in case of declaration of bankruptcy and liquidation of properties of the debtor.

Article (97)

1. The Court shall review the report of the trustee within (10) ten business days from the date of submission to verify that the report includes all claims.

2. The period provided in paragraph (1) of this Article shall be interrupted, if the Court requests the trustee during this period to make necessary amendments to the report. The trustee shall make such amendments within not more than (10) ten business days from the date of being notified of the request of the Court. Such period shall be renewable by decision of the Court for similar period and for once.
3. The creditors, whose debts are finally or temporarily admitted, shall be provided by the trustee with a copy of the report within (3) three business days from the expiration date of the period set out in paragraph (2) of this Article in order to express their remarks on the report.

Chapter 6

Deciding on the Report

Article (98)

1. The Court shall assign the trustee to invite the debtor and the creditors whose debts are finally or temporarily admitted and any appointed supervisor to attend a session or more to consider the report, within the (10) ten days following the period set out in paragraph (3) of Article (97) of this Decree Law.
2. Invitation shall be made through publication in two widely spread local daily newspapers, one issued in Arabic and the other issued in English. The Court may additionally assign the trustee to direct the invitation in all possible communication means.
3. Unless the Court judges the declaration of bankruptcy and liquidation of properties of the debtor, according to Chapter 12 of this Section, the Court may decide initiating the restructuring procedures and assign the trustee to prepare the debtor's business restructuring scheme, according to Chapter 7 of this Section.
4. The Court shall not decide the preparation of the debtor's business restructuring scheme, unless the debtor shows his readiness to continue his business and the Court finds through the documents and data made available thereto, after hearing statements of the trustee, that there is a possibility that the business of the debtor re-generates profits during reasonable period proportionate to the size and nature of his business and amount of his indebtedness.
5. The trustee shall publish the decision of the Court of initiating procedures within (5) five business days from the date of issue in two widely spread daily local newspapers, one issued in Arabic and the other issued in English.

Chapter 7

Initiation of Restructuring Procedures

Article (99)

If the Court issues a decision of initiating the restructuring procedures, the appointed trustee shall handle his tasks and prepare and develop the scheme by assistance of the debtor, within not more than (3) three months from the date of the decision. The Court may extend this period, at request of the trustee, for once or many times provided that their total is not more than (3) three additional months.

Article (100)

The trustee shall regularly notify the Court every no later than (21) twenty one days of the progress of preparation of the restructuring scheme draft.

Article (101)

1. The trustee shall lodge a copy of the restructuring scheme draft at the Court with a summary of the restructuring scheme attached that indicates the possibility of accepting the scheme draft by the creditors of the debtor and whether it is feasible to invite them for meeting to examine the scheme draft.
2. The restructuring scheme draft shall indicate the following:

- a. The possibility of the debtor's business to re-generate profits.
 - b. Activities of the debtor that must be suspended or terminated.
 - c. Terms and conditions of settlement of any liabilities.
 - d. Any performance bonds might be requested from the debtor, if any.
 - e. Any proposal to purchase all or part of business of the debtor, if any.
 - f. Grace periods and payment deductions.
 - g. The possibility of converting the debt to share capital of any project.
 - h. The possibility to consolidate, create, redeem, sell or replace any guarantees, if necessary, to implement the scheme draft.
 - i. Propose a period or periods to repay the whole debt.
3. The trustee may insert any other matters useful in implementation of the scheme in the restructuring scheme draft.

Article (102)

The restructuring scheme shall include a timetable for implementation of not more than (5) five years from the date of approving the scheme by the Court. The scheme may be extended for not more than other (3) three years, by consent of the majority of the creditors holding two thirds of the debts which are not paid according to the scheme and any amendments made thereto.

Article (103)

1. The Court shall, within (10) ten business days from the date of submission of the restructuring scheme, review the scheme draft to verify that the scheme observes the interest of all parties. The Court may request the trustee during this period to make any necessary amendments to the scheme draft and return it to the Court within not more than (5) five business days from the date of being notified of the Court's decision, renewable for similar period.
2. The Court shall request the trustee, within (5) five business days from the date of submission or re-submission of the scheme draft – as the case may be – to invite the creditors within (5) five business days to meeting to discuss and vote on the restructuring scheme draft. The trustee shall furnish the creditors whose debts are admitted with a photocopy of the restructuring scheme draft.
3. The invitation to the meeting referred to in paragraph (2) of this Article shall be made through publication in two widely spread daily local newspapers, one issued in Arabic and the other issued in English. The invitation shall specify the place and time of meeting. The Court may additionally assign the trustee to direct the invitation of meeting in all possible communication means.
4. The meeting shall be convened within not less than (3) three business days and not more than (15) fifteen business days from the date of directing the invitation by publication, as determined by the Court, in consistency with the interest of the restructuring procedures.
5. The Court may request the trustee to invite the creditors to other meetings in the same procedures described in this Article, taking into consideration the number of known creditors and any other circumstances of significance to convening the meeting.
6. If the debtor is subject to a competent controlling body, the Court shall invite such body to attend the meeting.

Chapter 8

Committees of Creditors

Article (104)

1. After consulting with the trustee, the Court may issue a decision of forming one committee or more of the holders of ordinary debts and one committee or more of the holders of the debts guaranteed by pledge or lien. The Court may form one committee or more of the holders of bonds and instruments for purpose of discussing the scheme and proposing amendments thereto at the meetings convened according to Article (103) of this Decree Law.
2. Every committee may choose a representative from the creditors or from the legal or financial advisors and determine the questions authorized to him, according to the provisions of this Decree Law.
3. All correspondences related to the meeting, minutes and procedures shall be communicated to the representative of each committee. The representative of such committee shall notify the related creditors.
4. On proposition of the trustee, the Court may limit the powers of the representative chosen or relieved of his tasks, if the Court finds that the powers conferred upon him are broad and detrimental to all creditors or the creditors represented by the committee.
5. The Court may re-form any of the committees referred to in paragraph (1) of this Article, if it thinks necessary.
6. The committees formed under this Article shall be equally treated.

Article (105)

1. The trustee and the debtor shall explain the items of the restructuring scheme draft during the meetings convened to discuss the scheme.
2. Any creditor may propose at the meeting convened for voting on the restructuring scheme draft making any amendments thereto. The committee before which the amendment is made and any other committee affected by the proposed amendment shall express its opinions regarding such amendments.
3. The Court may invite the creditors affected by the proposed amendments for further meetings to consider such amendments. The Court may approve or reject any of the proposed amendments in preparation for the approval of the restructuring scheme draft, according to Chapter 9 of this Section.

Article (106)

1. The right to vote on the restructuring scheme draft shall be confined to the ordinary creditors whose debts are finally admitted.
2. The creditors, holders of debts guaranteed by pledge or lien, shall not vote on the restructuring scheme by their guaranteed debts, unless they expressly assign such guarantees. The assignment shall be recorded in the minutes of meeting. The assignment of guarantee shall be enforced only if the restructuring scheme is approved. If the scheme is invalidated, the assigned guarantee shall be recovered.
3. By way of exception from paragraph (1) of this Article, the Court may permit the creditors whose debts are temporarily admitted to vote on the restructuring scheme draft, on proposition of the trustee. The Court shall in its decision specify the conditions and limits of granting this permission.

Article (107)

1. The restructuring scheme draft shall be approved by the majority of the creditors whose debts are finally admitted and the creditors whose debts are temporarily admitted and permitted to vote. Such majority shall hold minimum two thirds of total ordinary admitted debts.
2. If either of the two majorities referred to in paragraph (1) of this Article is not fulfilled, the meeting shall be postponed for (7) seven business days.
3. If either of the two majorities after extension according to in paragraph (2) of this Article is not fulfilled, this shall be considered a rejection of the restructuring scheme.
4. The creditors who attended or were represented at the first meeting and voted by consent to the restructuring scheme may be absent at the second meeting. In this case, their consent to the restructuring scheme at the first meeting shall be outstanding and enforced and complements the quorum at the second meeting, unless they attend the meeting and retract their previous consent or a change is made to the restructuring scheme.
5. Minutes of the meeting of voting on the restructuring scheme draft shall be executed. The minutes shall be signed by the restructuring officer, the debtor and the present creditors permitted to vote. If either of them rejects the signature, his name shall be mentioned in the minutes and the reason of rejecting the signature.
6. All creditors who take part in voting on the restructuring scheme draft shall provide the restructuring officer with the addresses for notification including the email addresses. Notification made through such means shall produce its legal effects, in connection with all subsequent procedures.
7. The restructuring scheme clauses shall apply to the creditors who voted by rejection.

Chapter 9 **Approval of the Restructuring Scheme**

Article (108)

1. The trustee shall, within (3) three business days from the date of meeting at which the voting by the required majority on the restructuring scheme is made, lay the scheme draft before the Court to issue its decision either to approve or reject the scheme.
2. Any creditor, whose debt is admitted and rejects the scheme in the vote, may object to the draft submitted to the Court within (3) three business days from the expiration date of the intermission specified in paragraph (1) of this Article. The Court shall decide on the submitted objection within (5) five business days from the date of submitting the objection. The Court's decision in this regard shall be final.
3. The Court shall urgently issue its decision of approving the restructuring scheme, having verified that all conditions are satisfied. The Court may advance the maturity dates of paying dues of the creditor who accepts reduction of his debt, in a way that fulfills the interest of the restructuring scheme. The Court's decision shall be binding to all creditors at the meetings of the committee or committees of creditors.
4. The Court shall verify that the scheme secures that all affected creditors receive at least the amounts they would have received, if the properties of the debtor are liquidated on the date of voting on the scheme, as evaluated by the Court for such properties.
5. The restructuring scheme shall not affect the right of priority of the debts guaranteed by pledge or lien, in the way provided in this Decree Law.

Article (109)

1. If the Court disapproves the restructuring scheme, the scheme shall be returned to the trustee for amendment within (10) ten business days from the date of disapproval and submitted to the Court to approve it or decide initiating the debtor's declaration of bankruptcy and liquidation of properties procedures, according to this Decree Law.
2. The debtor or any of the creditors, whose debts are finally admitted, may submit a grievance to the Court against its decision of disapproving or amending the scheme. The Court shall decide on the grievance within (10) business days from the date of grievance. The Court's decision shall be final.

Article (110)

1. The trustee shall verify that any properties of the debtor, decided to be sold under the restructuring scheme, shall be sold at the best price that can be obtained under the prevailing circumstances in the market on the date of sale. The trustee shall deposit, in the bank account determined by the Court, the sale proceeds representing the value of claims backed by the sold properties.
2. The trustee shall pay the creditors of guaranteed debts their debts upon maturity from the sold properties according to paragraph (1) of this Article, from the revenues of selling such properties, based on their priorities.

Article (111)

1. The trustee or the debtor may offer the creditors an alternative guarantee equivalent to the existing guarantee. If such offer is rejected by the creditors, the Court may order the replacement of guarantee, if the Court finds that the alternative guarantee is equivalent to the existing guarantee and is not detrimental to the interest of the creditor to whom the alternative guarantee is offered.
2. The decision issued by the Court may be contested before the competent Court of Appeal within (5) five business days from the date of the Court's decision. The contestation shall not result in the suspension of the procedures. The decision issued on the contestation shall be final.

Article (112)

1. If certain properties of the debtor are considered substantial to continue his business, the Court may, on its own initiative or at request of any interested party, order that neither of such properties shall be disposed of, without obtaining the Court's approval, for a specific period that does not exceed the period of the restructuring scheme. If such properties are subject to guarantee, the Court may replace the guarantee, according to the provisions of this Decree Law.
2. Each interested party may apply to the Court to annul any disposition made in breach of paragraph (1) of this Article within three years from the date of issue of the Court's decision or from the date of approving the restructuring scheme, whichever is later.

Chapter 10

Publication and Implementation of the Approved Restructuring Scheme

Article (113)

The trustee shall, within (7) seven business days from the date of approving the restructuring scheme by the Court, register the Court's decision of the scheme approval in the commercial or professional registration of the debtor, as the case may be, and publish the decision in two widely spread local daily newspapers, one issued in Arabic and the other issued in English. The decision shall include a summary of the most important conditions of the restructuring scheme, the name, address and registration number of commercial or professional registration of the debtor, as the case may be, and the date of approving the scheme.

Article (114)

1. The trustee shall supervise the restructuring scheme throughout the period of implementation.
2. The trustee shall:
 - a. Monitor the progress of the scheme and inform the court of any failure of implementation.
 - b. Submit a report to the Court on the progress of implementing the scheme every three months. Every creditor has the right to receive a photocopy of the report.
3. If the trustee sees it necessary to make amendments to the restructuring scheme, and such amendments would cause a change to the right or duties of any party thereto, the approval of the Court to such amendments shall be attained. The court shall, before deciding on the application, notify all parties who took part in voting on the scheme and any creditors the Court thinks necessary to notify, within (5) five business days from the date of the request of the trustee to express any remarks on the required amendments, within (10) ten business days from the date of notice. The Court may issue a decision approving in whole or part, or rejecting the amendment.

Article (115)

Upon the discharge of all obligations provided in the restructuring scheme, the Court shall at request of the trustee, debtor or any interested party, issue its decision of the complete implementation of the scheme and the perfection of the debtor's restructuring procedures. This decision shall be published in two widely spread daily newspaper, one issued in Arabic and the other issued in English.

Chapter 11

Nullification and Rescission

Article (116)

If investigation is initiated with the debtor in one of the crimes described in Section 6 of this Decree Law, or a criminal claim is filed against the debtor in one of those crimes, after the approval of the restructuring scheme, the court that approves the scheme, at request of each interested party, may order taking the measures it thinks

fit to attach the properties of the debtor. Such measures shall be cancelled, if the investigation is closed or the debtor's acquittal is judged.

Article (117)

1. Every interested party may apply to nullify the restructuring scheme procedures, within (6) six months from the date of initiating the investigation provided in Article (116) of this Decree Law, or the application shall be rejected. In all cases, the annulment application shall be rejected, if submitted after the expiration of two years from the date of issue of the restructuring scheme approval decision.
2. The restructuring scheme shall be null and void, if a judgment convicting the debtor in one of the crimes described in Section 6 of this Decree Law is delivered after approving the restructuring scheme, unless the Court otherwise decides to protect interest of the creditors.
3. The annulment of restructuring scheme procedures shall result in the clearance of the good faith guarantor who guarantees the satisfaction of all or part of its conditions.

Article (118)

1. Every interested party may request the Court that approved the restructuring scheme to rescind the scheme, if the debtor fails to satisfy its conditions or is deceased and its satisfaction becomes impossible for any reason.
2. The rescission of the restructuring scheme shall not result in the discharge of the guarantor who guarantees the satisfaction of its conditions. The guarantor shall be ordered to appear at the hearing where the application of rescission is heard.

Article (119)

The Court shall provide in its judgment, issued on the annulment of the restructuring scheme procedures or rescission of the restructuring scheme, affixation of seals to the properties of the debtor, except the properties that cannot be legally attached and the subsidy established for the debtor and his dependents. The Court shall assign the trustee, within (5) five business days from the date of delivery of the annulment or rescission judgment, to publish the summary of judgment in two widely spread local daily newspapers, one issued in Arabic and the other issued in English. The trustee shall undertake a supplementary inventory of properties of the debtor.

Article (120)

If the Court judges the annulment of the restructuring procedures or rescission of the restructuring scheme, the trustee shall invite the new creditors to provide the documents of their debts for verification according to debt verification procedures. The debts previously admitted shall not be re-verified. The trustee shall exclude the debts fully settled and reduce the debts, which part thereof is settled, by the amount of such settled part.

Article (121)

The dispositions made by the debtor, after the issue of the decision of restructuring scheme approval and before the annulment of procedures or rescission of scheme, shall be enforced against the creditors. The creditors may request the non-enforcement of such dispositions only according to the rules described in the Civil Transactions Law in respect of the disposition non-enforcement action. Such action shall not be heard after the expiration of two years from the date of annulment of procedures or rescission of the restructuring scheme.

Article (122)

The annulment of procedures or rescission of restructuring scheme shall not result in obligating the creditors to return the amounts paid from the debts before judging the annulment or rescission. Such amounts shall be deducted from their debts.

Article (123)

At request of any interested party, after hearing the opinion of the trustee, the Court may judge the termination of restructuring procedures, if the debtor dies while the procedures are heard, together with observing the interest of the creditors. The Court shall judge the declaration of bankruptcy and liquidation of properties of the deceased debtor in the same judgment, subject to Article (150) of this Decree Law.

Chapter 12

Judgment of Bankruptcy and Liquidation

Article (124)

The Court shall deliver a judgment declaring bankruptcy and liquidation of properties of the debtor, in any of the following cases:

1. If the Court judges the termination of preventive composition procedures, according to Article (64) of this Decree Law.
2. If the debtor is the applicant and he acts in bad faith or the application is intended for procrastination or evasion of financial obligations.
3. If the restructuring procedures are inappropriate to the debtor, based on the data and documents submitted with the application, or the report prepared by the expert, according to Article (77) of this Decree Law or the report of the trustee according to Article (96) that the restructuring is impossible.
4. If either of the two majorities provided in Article (107) of this Decree Law is not fulfilled.
5. If the Court rejects the restructuring scheme, according to Article (109) of this Decree Law.
6. If the annulment of procedures or rescission of restructuring scheme is judged, according to Articles (117) and (118) of this Decree Law.

Article (125)

The Court shall prohibit the debtor, whose bankruptcy is declared, from taking part in the management of any company or transacting any business, if the debtor breaches the obligation provided in Article (68) of this Decree Law, if it is evident that his disposition or default led to the declaration of his bankruptcy and liquidation of his properties, for a period of not more than the date of rehabilitation of the debtor according to the provisions of this Decree Law.

Article (126)

If the Court judges initiating procedures of the declaration of bankruptcy and liquidation of properties of the debtor, a trustee shall be appointed in the judgment to handle the tasks of bankruptcy and liquidation of properties of the debtor, unless the Court judges the continuity of work of any trustee or expert appointed during the restructuring or preventive composition procedures.

Article (127)

The Court may reduce the periods of time provided in this Chapter in the cases it thinks fit.

Article (128)

The trustee shall, within (3) three business days from the date of delivery of judgment of the declaration of bankruptcy and liquidation of properties of the debtor, publish the judgment in two widely spread daily local newspapers, one issued in Arabic and the other issued in English.

Article (129)

1. The trustee shall direct the creditors to file any final claims that were not filed before. The claims shall be filed within (10) ten business days from the date of the judgment publication. Any claims filed after this date shall be discarded, unless for a reason accepted by the Court.
2. Any claims rejected by the Court according to this Section shall be discarded.

Article (130)

The trustee shall finally audit the claims of the creditors. The trustee shall not conduct or complete such audit if he finds that the revenues of selling the properties of the debtor will be all disbursed to pay any legal fees or repay the debts guaranteed by pledge or lien.

Article (131)

At request and under supervision of the trustee, the Court may permit the debtor to transact all or part of his business to sell such business in the best possible price. The period of such permission shall not exceed (6) six months from the date of granting the permission and may be extended for not more than (2) two additional months, if the continuity would fulfill interests of the creditors or the public interest.

Article (132)

1. The trustee shall liquidate all properties of the debtor except the properties that the debtor may keep according to this Decree Law.
2. If properties are bequeathed by or passed to the debtor, for any reason, during the bankruptcy procedures, the debtor shall disclose same. The trustee shall liquidate such properties.
3. The trustee shall sell the properties of the debtor in public auction, by consent and under supervision and control of the Court.
4. The Court may permit the trustee to sell all or part of properties of the debtor by other than the public auction, on such conditions set by the Court.
5. The trustee shall apply the revenues of liquidation of the debtor's properties towards any claims owed by the debtor, under supervision of the Court. The debtor shall be handed any surplus of such revenues.

Article (133)

All correspondences of the debtor's business during the declaration of bankruptcy procedures shall state that the debtor is subject to declaration of bankruptcy and liquidation of properties procedures.

Article (134)

1. The trustee shall notify the Court and the debtor every month of the progress of declaration of bankruptcy and liquidation procedures.
2. The trustee shall notify the Court, the debtor and the supervisors of the substance of any proposals received for the sale of all or part of business of the debtor. The Court shall promptly decide on any objection to the conditions of sale submitted by any interested party. The decision of the Court on this regard shall be final.

Article (135)

1. All debts owed by the bankrupt debtor, whether ordinary or guaranteed by lien, shall fall due upon the delivery of judgment of bankruptcy and liquidation of properties of the debtor.
2. The Court may deduct, from the deferred debt where no interests are stipulated, an amount equals the legal interest for the period from the date of the judgment of the Court of initiating declaration of bankruptcy and liquidation of properties procedures to the maturity date of the debt.
3. If the value of claims are denominated in a foreign currency, the value of claim shall be converted to the national currency in the prevailing exchange rate on the date of delivery of the declaration of bankruptcy and liquidation of properties judgment, unless otherwise is agreed on.

Article (136)

1. The following persons shall not, directly or through an agent, purchase or offer the purchase of all or part of the properties of the debtor offered for sale, according to Article (131) of this Decree Law:
 - a. The debtor.
 - b. Spouse, relative by marriage or up to fourth degree relative of the debtor.

- c. Any person who was a partner, employee, accountant or agent of the debtor, within the (2) two years prior to the delivery of judgment of initiating procedures of the declaration of bankruptcy and liquidation of properties of the debtor.
 - d. Any person works or worked as the auditor after initiating bankruptcy procedures.
2. By way of exception from Clause (1) of this Article, the persons referred to in paragraphs (b, c & d) in paragraph (1) of this Article may purchase the properties of the debtor, by approval of the Court, if this would fulfill the interest of the creditors.

Article (137)

1. Subject to any claims before the Court, the trustee shall distribute the liquidation revenues based on priorities among the creditors, according to Chapter 6 of Section 5 of this Decree Law, having attained the approval of the Court.
2. The trustee shall distribute the liquidation revenues after every sale operation or after collection of the monies resulting from all sale operations.
3. The trustee shall, after each sale operation, submit a list of distribution to the Court for approval.
4. The creditor shall receive his share from the distribution proceeds at the place where the trustee performs his tasks, unless otherwise is agreed between the trustee and the creditor.
5. The shares of debts, which are not finally admitted and those which are not objected to, shall be set aside according to this Decree Law and shall be kept in the treasury of the Court until finally decided.
6. The creditor whose debt is guaranteed by pledge or lien shall be paid the amounts generated from the sale of properties that guarantee his debt, if the guarantee-burdened properties are insufficient to discharge the entire debt guaranteed by pledge or lien. The remainder of the unpaid debt shall be ranked an ordinary debt.
7. The trustee shall deliver the debtor any excess amounts upon the liquidation, after the discharge of all its obligations.

Article (138)

1. After the completion of final distribution of properties of the debtor to the creditors, the Court shall issue decision of closure of all procedures including a list of creditors of admitted debts and their amounts, and the amounts unpaid from such debts. The Court shall order the trustee to publish the decision in two widely spread daily local newspapers, one issued in Arabic and the other issued in English.
2. The trustee shall return all documents in his possession to the debtor, after the completion of procedures and performance of his works.
3. The declaration of bankruptcy and liquidation of properties procedures may be terminated, at request of the debtor at any time, if the reasons that cause declaration of his bankruptcy and liquidation of his properties no longer exist.
4. After closure of declaration of bankruptcy and liquidation of properties procedures, every creditor whose debt is admitted and not fully paid, may enforce on the properties of the debtor to receive the remainder of his debt. The admission of the debt referred to in paragraph (1) of this Article shall be considered a conclusive judgment in connection with such enforcement.

Chapter 13

Provisions of Corporate Bankruptcy

Article (139)

In addition to the Articles provided in this Section, Articles (172) and (173) of Section 5 of this Decree Law shall apply to the corporate bankruptcy.

Article (140)

Upon the delivery of declaration of bankruptcy judgment, the company shall not be liquidated or placed under receivership beyond the framework of this Decree Law.

Article (141)

1. The creditor of company may request declaration of its bankruptcy, even if he is a partner in the company. Non-creditor partners shall not in their individual capacity request the bankruptcy of the company.
2. The Court may, on its own initiative or at request of the debtor company or the competent controlling body, postpone the declaration of bankruptcy of the company for not more than one year, if it is possible to support its financial position and this is required by the national economy. In this case, the Court shall decide taking the measures it thinks fit to maintain the properties of the company.

Article (142)

1. If the declaration of bankruptcy and liquidation of properties of the company is judged, the bankruptcy of all general partners shall be declared. The declaration of bankruptcy includes the general partner dissociated from the company after the company was in default of payment provided that the period lapsed from the date of his dissociation from the company in the commercial registration is not more than one year.
2. The Court shall deliver one judgment of declaration of bankruptcy of all general partners, even if the Court is not competent to declare bankruptcy of those partners.
3. In addition to the trustee appointed according to the provisions of this Decree Law for the corporate bankruptcy procedures, the Court shall appoint one trustee or more for the general partners and their bankruptcy procedures shall remain independent in terms of management, verification of debts and way of completion.

Article (143)

If the court judges the declaration of bankruptcy of company, the Court may, on its own initiative or at request of any interested party, judge the declaration of bankruptcy of every person undertook in the company's name business for himself and disposed of the company's properties as if such properties are his own.

Article (144)

If it is evident that the properties of the company are insufficient to pay at least (20%) twenty percent of its debts, the Court that declared the bankruptcy may order all or part of the directors of board or managers, jointly or severally, to pay all or part of the debts of the company, in such cases where their responsibility for the losses of the company is evident, according to the Commercial Companies Law.

Article (145)

The legal representative of the company, which bankruptcy is declared, shall act on behalf of the company within limits of his authorities in every matter in which the law requires the opinion of the company or his presence. The representative of the company shall appear before the Court or the trustee, whenever requested, to give the requested information or clarifications.

Article (146)

At request of the trustee, the Court may order the partners or shareholders in the company to discharge the remaining debts from the value of their stock or shares, even if its maturity date has not fallen yet. The Court may decide confining this claim to the necessary limit to discharge the debts of the company.

Article (147)

1. If declaration of bankruptcy is judged, the Court may order the directors of board, managers or those in charge of liquidation in liquidation procedures taken beyond the scope of this Decree Law, to pay an amount to repay the debts of the debtor, if any of them evidently commits any of the following acts, within the two years following the date of initiating the procedures, according to this Section:
 - a. Adopts commercial methods without considering its risks such as disposition of commodities in prices less than its market value to receive monies to avoid or delay initiating the bankruptcy procedures.
 - b. Engages in transactions with third party to dispose of properties without consideration or against insufficient amount and without certain benefit or not proportionate to the properties of the debtor.
 - c. Discharges the debts of any creditor to harm other creditors, during the period of being in default of payment or in the condition of account receivable.
2. The Court shall not deliver its judgment provided in this Article, if it is satisfied that the natural or juristic person has taken all precautionary procedures that can be taken to minimize the potential losses of the properties of the debtor and his creditors.
3. If the directors of board of any entity, the manager or those in charge of liquidation are evidently not engaged in the acts provided in this Article or evidently reserve to the decision issued in his regard shall be relieved of responsibility for the acts provided in this Article.

Article (148)

Debentures and instruments issued by the company in the cases described in the Commercial Companies Law shall not be subject to the verification of debts procedures. Such debentures and instruments shall be admitted in its nominal value within the debts of the debtor, after deduction of the amount that might be paid by the company.

Chapter 14 **Bankruptcy of the Deceased, Trade Quitted or Incapacitated Debtor**

Article (149)

The creditor may apply for initiating bankruptcy procedures of the debtor for declaration of his bankruptcy and liquidation of his properties, after his death, quitting trade or incapacity, if the declaration of bankruptcy and liquidation conditions are satisfied, according to the provisions of this Decree Law. The application shall not be submitted in those cases after the expiration of one year from the date of death or from the date of striking off the name of the trader from the commercial register in case he quits trade or from the date of judging his incapacity.

Article (150)

1. The Court shall judge the declaration of bankruptcy and liquidation of properties of the deceased debtor, if his successors fail to provide a security in rem or a bank security issued by a bank operating in the state or any other security accepted by the Court and sufficient to guarantee the discharge of debt of the creditor, within the period specified by the Court.
2. The successors of the deceased debtor may apply for declaration of bankruptcy and liquidation of properties of the debtor on the date specified in Article (149) of this Decree Law. If certain successors object to the declaration of bankruptcy, the Court shall hear their statements then decide on the application urgently as required by interest of creditors of the deceased debtor and the successors.
3. The declaration of bankruptcy and liquidation of properties of the deceased debtor shall be governed by all provisions set out in this Decree Law, subject to:
 - a. The declaration of bankruptcy application shall be served, in case of death of the trader, at the last domicile without the need to appoint successors.
 - b. The successors of the debtor whose bankruptcy is declared shall act for him in the bankruptcy and liquidation of properties procedures.

Article (151)

The successors of the deceased or their legal representatives shall choose whoever represents them in the bankruptcy and liquidation of properties procedures. In case of failure to choose a representative within (7) seven business days from the date of notifying them thereof by the trustee, the Court shall at request of the trustee appoint one of them to act as a representative. The Court may remove the representative of the successors and appoint another one from the successors or whoever legally represents them.

Chapter 15

Common Provisions

Article (152)

The provisions set out in this Chapter shall apply to each of the restructuring or bankruptcy and liquidation of properties, as the case may be, unless otherwise is provided.

Item 1

Recovery

Article (153)

1. The goods held in possession of the debtor on trust, for sale for, or for delivery to its owner may be recovered. The price of goods may be recovered from the seller debtor, if not delivered to the purchaser, or if not paid in cash, by commercial paper, setoff or crediting to a current account between the debtor and the purchaser.
2. If the debtor deposited goods with third party, the goods may be recovered.
3. The commercial papers and other valuable instruments delivered to the debtor to collect its value or profits or to allocate it for particular discharge may be recovered, if found in kind in the properties that are subject to inventory and its value was not paid when the bankruptcy was declared. However, no recovery shall be made if the papers and instruments are credited to a current account between the recovery applicant and the debtor.
4. The cash deposited with the debtor shall not be recovered, unless the recovering party proves his title to such cash.
5. The recovering party shall in the cases provided in this Article pay the trustee any dues might be due to the debtor.

Article (154)

If the contract of sale is terminated by final judgment before the issue of decision of initiating procedures, the seller may apply to the Court to recover all or part of the sold object from the properties subject to inventory, provided that such sold object is found in kind.

Article (155)

1. If it is decided to initiate bankruptcy procedures against the debtor, before payment of price of goods that the debtor purchased before initiating the procedures and the goods are still in possession of the seller, the latter may hold back the goods.
2. If it is decided to initiate procedures after sending the goods to the purchaser debtor and before its entry to the warehouses of the debtor or his agent who is assigned to sell the goods, the seller may recover its possession. However, there shall be no recovery if the goods lose their characters or are disposed of by the debtor before its arrival without fraudulence, under the title lists or transport documents to a good faith purchaser.

3. In all cases, the trustee may by approval of the Court request receiving the goods provided that the trustee pays the seller the agreed price. If this is not requested by the trustee, the seller may insist on termination and request remedy.

Article (156)

Without prejudice to Article (48) of the Commercial Transactions Law, if it is decided to initiate procedures against the debtor before payment of price and after entry of goods to the warehouses of the debtor or his agent who is engaged for the sale of goods, the seller shall not terminate the sale or recover the goods. No objection shall be made under any condition that enables the seller to recover the goods against the creditors.

Item 2

Withdrawal of Management and Disposition Right

Article (157)

1. As of the date of the decision of initiating procedures, the debtor shall not perform any of the following acts:
 - a. Manage his properties or pay any claims created before the issue of decision of initiating procedures, except any setoff payments made according to the provisions of Chapter 5 of Section 5 of this Decree Law.
 - b. Dispose of any of his properties or pay or borrow any amounts, unless made according to this Decree Law. The dispositions made on the day of issue of the decision of initiating procedures shall be considered to have been made after its issue.
 - c. If the disposition is concluded or enforced against third party only through registration or other procedures, it shall apply not apply to the creditors unless the procedure is taken before the issue of decision of initiating procedures.
 - d. Dispose of stock or shares of, or change the ownership or legal form of the company, if the debtor is a juristic person.
2. At request of any interested party, the Court may judge the non-enforcement of any disposition taken by the debtor against the creditors, in breach of paragraph (1) of this Article.

Article (158)

1. The prohibition of the debtor of management and disposition shall include all properties owned by the debtor on the date of issue of the decision of initiating procedures and the properties which title passed to him, after the issue of the decision of initiating procedures. The Court may, at request of any interested party, judge the non-enforcement of such dispositions.
2. By way of exception from paragraph (1) of this Article, the prohibition of management and disposition shall exclude the following:
 - a. The properties that cannot be legally attached and the subsidy determined for the debtor and his dependents.
 - b. Properties owned by other than the debtor.
 - c. Rights related to personal status of the debtor.

3. The debtor's prohibition of management and disposition referred to in paragraph (1) of this Article shall exclude the rights related to the person or capacity of the debtor as the householder or the rights related to a pure moral interest.

Article (159)

Except the case of having a new finance according to the provisions of Chapter 4 of Section 5 of this Decree Law, no guarantees on the properties of the debtor shall be arranged upon the issue of the decision of initiating procedures, unless otherwise is permitted by the Court.

Article (160)

1. The Court may decide the termination of any business of the debtor, based on an urgent application by the trustee.
2. The Court shall decide the partial suspension based on the report of the trustee, within not more than the period of approval or rejection of the restructuring scheme draft by the Court, according to the provisions of this Section.

Article (161)

The trustee may, during the management of procedures, request the debtor to do everything necessary to maintain interests of his business. The trustee may further request the debtor to perform the effective contracts to which the debtor is a party, subject to the provisions of Chapter 9 of this Section. The trustee may handle such works by himself, including the exercise of all powers vested into the trustee in the preventive composition procedures, according to the provisions of Section 3 of this Decree Law.

Item 3

Suspension of Judicial Proceedings and Interest Effectiveness

Article (162)

1. In other than the cases provided in this Decree Law, the issue of the procedures initiating decision, according to Article (78) of this Decree Law, until the approval of the restructuring scheme according to Article (108), shall result in the suspension of the judicial claims and proceedings and the judicial enforcement procedures over the properties of the debtor, unless otherwise is decided by the Court.
2. By way of exception from paragraph (1) of this Article, the creditors holding debts backed by a pledge or lien may enforce over their guarantees whenever their debts fall due. The Court shall consider granting permission within (10) ten business days from the date of application. The consideration of the permission application shall require no notice or exchange of memoranda. The Court shall, upon granting the permission, verify that there is no collusion between the debtor and the guaranteed creditor and the degree of priority of the guaranteed creditor, if there are many guaranteed creditors for the same property.
3. The decision of the Court that rejects the permission may be contested before the competent Court of Appeal. The contestation shall not result in the suspension of the procedures. The decision issued on the contestation shall be final.

Article (163)

At request of the trustee, and after notification of the concerned party, the Court may suspend the effectiveness of legal and contractual interest including the due interest or due remedy for the late payment, from the date of initiating procedures to the date of approval or rejection of the scheme draft by the Court, according to the provisions of this Section.

Item 4

Performance of Obligations and Contracts

Article (164)

1. The trustee shall ensure that the debtor is capable to perform his obligations.
2. In the framework of implementing the restructuring scheme, the trustee may pay any amount that must be paid by the debtor to the party with whom the debtor contracted under an enforceable contract, unless the contracting party grants the debtor a term for payment.
3. If the trustee fails to perform or continue the performance of the Contract, the other contracting party may apply to the Court to rescind the contract. This shall not result in the suspension of procedures.
4. If the debtor owns any common properties, the trustee or any of the partners in the common properties may request the division of properties, even if there is an agreement among them that does not permit the division. Any partner may have propriety over the other, if he wishes to purchase the share of the debtor against equitable consideration, as decided by the Court.

Article (165)

1. The decision of initiating restructuring procedures shall not result in the abatement of any term agreed on for the repayment of a debt owed by the debtor. Every contractual provision to the contrary shall be null and void.
2. Initiating the restructuring procedures shall not result in the rescission or termination of any effective contract between the debtor and third party, unless the contract is based on personal considerations. The party contracting with the debtor shall perform his contractual obligations, unless he entered plea of non-performance for the failure of the debtor to perform his obligations, before the date of issue of decision of initiating procedures.
3. At request of the trustee, the court may order the rescission of any effective contract to which the debtor is a party, if necessary to enable the debtor to transact his business; or if such rescission would fulfill interest of all creditors of the debtor and would not substantially prejudice the interests of the party contracting with the debtor.
4. The contracting party in the two cases referred to in paragraph (3) of Article (164) of this Decree Law and paragraph (3) of this Article may be engaged in the restructuring procedures as an ordinary creditor for the compensation resulting from the rescission, if required, unless the Court decides that he keeps the compensation for the lien legally established for him.

Article (166)

By way of exception from Article (26) of the Civil Procedures Law and paragraph (3) of Article (164) of this Decree Law:

1. The issue of decision of initiating restructuring procedures shall not result in the termination of the lease or investment contract or falling due of the rent for the remaining period, if the debtor is a lessee or an investor of the real property in which the debtor transacts his business. Every condition to the contrary shall be considered as if never made.
2. The trustee may terminate the lease or investment contract of the real property used by the debtor to transact his business before the date agreed on in the contract falls due. The trustee shall notify the landlord or the lessor thereof by a notice of (45) forty five business days, unless the contract provides for a shorter period.
3. The landlord or the lessor may claim the termination of contract of lease or investment of the real property used by the debtor to transact his business due to the failure to pay the due rent, if such failure continues for more than (3) three months from the date of issue of the decision of initiating procedures.
4. At request of the landlord or the lessor, the Court may judge the rescission of the lease or investment contract of the real property used by the debtor to transact his business, if it is evident that the guarantees granted to pay the rent are insufficient.
5. If it is decided to terminate or rescind the lease or investment contract of the real property used by the debtor to transact his business, the landlord or the lessor of such property shall have a lien over the proceeds of sale of the movables of the debtor which are considered the furniture of the leased or invested property.
6. The Court may permit the debtor or the trustee to sell the movables of the debtor which are considered the furniture of the leased or invested property, in any of the following cases:
 - a. If such properties are liable to damage or quick impairment and keeping same requires heavy costs.
 - b. If the sale thereof would not result in the debtor's failure to transact his business.
 - c. If the sale of such properties would not affect the adequacy of the guarantees intended in favor of the lessor or the landlord.
7. Having attained the approval of the Court, the trustee may sublease the property occupied by the debtor to transact his business, even if otherwise is provided in the lease contract concluded between the debtor and the landlord or the lessor provided that such disposition shall fulfill real interest of the creditors and shall not cause harm to the landlord or lessor of the property and the lessor is fairly compensated.

Article (167)

Without prejudice to the rights legally established to the worker, the Court may terminate the effective employment contracts between the debtor whose properties are subject to restructuring or whose bankruptcy is declared and any of his employees, if required, irrespective of the provisions contained in such contracts.

Item 5
Non-Enforcement of Dispositions

Article (168)

1. Neither of the following dispositions shall be made against the creditors, if the debtor performs same within two years before the date of initiating procedures, unless the Court approves the enforcement of such dispositions in observation of public interest or good faith third party:
 - a. Donations, gifts or transactions without consideration except small gifts in usage.
 - b. Any transactions in which the liabilities of the debtor remarkably exceed the liabilities of counterparty, whether such liabilities are in specie or in kind.
 - c. Pay any debts before its maturity regardless the way of payment.
 - d. Pay the due debts by other than the object agreed on between the debtor and his creditor or in a way that differs from that usually followed to pay such kind of debts. The payment through commercial paper or bank transfer shall be considered as payment in cash.
 - e. Create any kind of new guarantee on his properties to guarantee the payment of a previous debt.
2. The Court may judge the non-enforcement of any of the dispositions not mentioned in paragraph (1) of this Article, if the disposition is detrimental to the creditors and the party contracting with the debtor is aware or should have been aware, upon taking the disposition, that the debtor is in default of payment or in the condition of account receivable.

Article (169)

1. If any disposition is judged to be non-enforced against the creditors, the alienee shall return to the properties of the debtor the object received from the debtor, under such disposition or the value of object at time of receiving. The alienee shall further return the result of the object received from the date of receiving and the consideration of its benefits.
2. The alienee has the right to recover the consideration given to the debtor, if he finds that such consideration is one of the properties of the debtor, or the alienee has the right to claim the creditors of the benefit gained from the disposition and to take part in the procedures set out in this Section, as an ordinary debt for the amount in excess.

Article (170)

The Court may dismiss the claim of disposition non-enforcement filed based on Article (168) of this Decree Law, if the Court finds that the debtor has taken such dispositions in good faith and to transact his business; and that upon taking same, there were grounds lead to the belief of the possibility that the disposition would achieve benefit for his business.

Section 5

General Provisions

Article (171)

Unless otherwise is provided, the provisions set out in this Section shall apply to the procedures contained in Section 3 and 4, as the case may be.

Chapter 1

Applications Submitted in Case of Juristic Person

Article (172)

If the application of initiating procedures is submitted according to the provisions of Section 3 or 4 of this Decree Law, a proof of the issue of a resolution by the majority of partners in general partnerships and special partnerships, and by the extraordinary general assembly in other companies shall be attached.

Article (173)

If it is decided to initiate procedures for the debtor, if the debtor is a company, the examination of each application which subject is the liquidation of company or placement under receivership shall be suspended. The personality of the company subject to liquidation shall continue until the procedures provided in Section 3 and 4 of this Decree Law are completed.

Chapter 2

Tasks and Authorities of the Trustee

Article (174)

1. The trustee appointed according to the provisions of this Decree Law shall handle his task under control of the Court. The trustee shall promptly follow up the procedures and verify that all measures that secure protection of the debtor and the creditors are taken.
2. Subject to the provisions of rights, powers and duties of the trustee provided in Section 3 and 4 of this Decree Law, the trustee in performance of his duties shall be subject to the same obligations of the expert, according to the Federal Law No. (7) of 2012 on Regulating the Expert Witness Profession before the Judicial Bodies, in consistency with the provisions of this Decree Law.
3. The trustee may appraise the properties of the debtor, whenever needed.
4. The trustee, the debtor or any creditor may request the Court to outline the scope of powers of the trustee in a specific question. This however shall not suspend or disrupt the procedures.

Article (175)

1. Upon his appointment, the trustee shall receive, access and keep all correspondences of the debtor, related to his business. The trustee in bankruptcy shall enable the debtor to have access to such correspondences.
2. The trustee shall promptly deliver the debtor any personal correspondences or those subject to professional confidentiality rules and not related to the procedures.

Article (176)

1. The trustee shall deposit any amount received in the procedures in an account at such bank designated by the Court within not more than two business days from the date of receiving this amount. The trustee shall provide the Court with an account statement of such amounts within (5) five business days from the date of deposit.
2. If the trustee delays the deposit of any amounts received for purpose of deposit, without a reason accepted by the Court, the Court may order him to pay a fine for each delay day of not more than (12%) per annum from the value of the amounts not deposited. This fine shall be deposited in the account referred to in paragraph (1) of this Article and shall be included in the general guarantee of the creditors.

Article (177)

The trustee shall estimate the reasonable amount of money to meet the necessary needs of the debtor and his dependents. The Court shall urgently issue its decision of approving or amending the estimation and determination and its decision in this regard shall be final. This amount shall not be considered within the properties of the debtor that guarantee his debts.

Chapter 3 Recovery

Article (178)

1. Every interested party may apply to the trustee to exclude the particular objects that prove his title thereto, which the debtor has no right in, from the inventory undertaken according to the provisions of this Decree Law, at time of issue of the Court's decision of initiating the procedures and he may request its recovery. The trustee shall issue decision of approval or rejection of the application as soon as possible.
2. Every interested party may lodge grievance against the decision issued by the trustee in the recovery applications before the Court within not more than three business days from the date of being informed of the decision to decide on the application by a final judgment within five business days from the date of submission. The grievance shall not result in suspension of procedures.

Article (179)

1. The debtor's spouse may determine the contents of properties owned thereby in the inventory according to any rules set out in the financial system followed in marriage.
2. The debtor's spouse may, within two months from the date of publication of initiating the concerned procedures, apply to the Court to urgently recover his own movable and immovable properties from the properties of the debtor.

Article (180)

The trustee shall apply for the permission of court to include any properties purchased by the debtor's spouse by the monies of the debtor, or the donations established by the debtor to him/her, within the (3) three years preceding the issue of the decision of initiating the procedures and considering same as part of the properties of the debtor.

Chapter 4 Obtaining New Finance

Article (181)

The Court may, at request of the debtor or the trustee, in the preventive composition procedures or restructuring procedures permit the debtor to obtain a new finance with or without guarantee, as follows:

1. The new finance has the priority over any ordinary outstanding debt owed by the debtor, on the date of initiating procedures, according to the provisions of Section 3 or 4 of this Decree Law.
2. The possibility to guarantee the new finance by pledging any of the non-pledged properties of the debtor.
3. The possibility to guarantee the new finance by arranging a pledge on the pledged properties of the debtor which are appraised of more than the value of the debt guaranteed by the previous pledge. In this case, the new pledge shall have a rank lower than the existing pledge on the same properties, unless the creditors of

debts guaranteed by the pledged property agree that the new pledge is ranked equally to or higher than the outstanding pledge on the same property.

Article (182)

The Court may permit in the preventive composition or restructuring procedures that the debtor obtains finance with a guarantee higher than or equal to any outstanding guarantee on his properties, if the Court finds that the new finance shall not affect the interest of the holder of the outstanding guarantee.

Chapter 5 Setoff

Article (183)

1. A setoff may be conducted between the debtor and the creditor, if its conditions are satisfied before initiating procedures, according to the provisions of Section 3 or 4 of this Decree Law.
2. No setoff shall be conducted between debts created after initiating procedures, according to the provisions of Section 3 or 4 of this Decree Law, unless conducted based on the implementation of the preventive composition scheme, the restructuring scheme or the decision of the Court.
3. The remainder of the debt due to the creditor, after the setoff, shall be included in the debts of the debtor and shall be ranked the same as the principal debt. The remainder due to the debtor shall be included in the properties of the debtor and shall be paid to any trustee appointed according to the provisions of Section 3 or 4 of this Decree Law, as the case may be.
4. If the creditor transfers his debt to third party, the setoff between the debtor and the third party shall apply only if the Court finds that this is made in good faith including the condition of the creditor's acquisition by third party.

Chapter 6 Order of Debts Repayment

Item 1 Debts Repayment at Preventive Composition or Restructuring Stage

Article (184)

The following debts shall be repaid upon maturity in the order of priority below:

1. Any judicial fees or charges or fees and costs of any trustee appointed according to the provisions of Section 3 or 4 of this Decree Law and any amount disbursed during the related procedures or transactions according to the provisions of Section 3 or 4 of this Decree Law.
2. Any fees, expenses or costs incurred after the issue of decision of initiating procedures, due to supplying the debtor with commodities and services or to continue the performance of any contract, according to the provisions of this Decree Law, to the extent such fees, costs and expenses realize benefit for the business or properties of the debtor.
3. Any non-guaranteed new finance obtained according to the provisions of Chapter 4 of Section 5 of this Decree Law including the principal debt, interests and unpaid related expenses. This shall apply if the

value of the guarantee granted to the new finance is insufficient to pay the whole amounts due to repay such finance.

Item 2

Order of Priorities upon Bankruptcy and Liquidation

Article (185)

1. If the Court judges the declaration of bankruptcy and liquidation of properties of the debtor, according to the provisions of Section 4 of this Decree Law, the holders of debts guaranteed by pledge or lien shall ranked higher than other ordinary creditors, insofar their guarantees.
2. All reasonable fees and expenses incurred by the trustee in the procedures of selling the guaranteed properties shall be deducted from the proceeds of sale of the properties that guarantee the guaranteed debts, before the distribution to the creditors of guaranteed debts.

Article (186)

If the trustee fails to initiate selling the guarantee-burdened properties within one month from the date of delivery of judgment of the declaration of bankruptcy and liquidation of properties of the debtor, the creditors, holders of debts guaranteed by pledge or lien, have the right to apply for the permission of the Court to enforce their guarantees, even if not admitted yet. The Court shall decide on granting permission within (10) ten business days from the date of application.

Article (187)

1. By way of exception from Article (185) of this Decree Law, if the trustee finds that the revenues generated from the sale of any guarantee-burdened properties are insufficient to meet the fees of the trustee and any related costs pertinent to the sale of such properties, he may elect not to continue such sale. The trustee shall notify the creditor, the guarantee holder, in writing immediately of any decision taken in respect of not continuing the sale of guarantee-burdened properties.
2. The creditor may object to the decision of the trustee within (3) three business days from the date of notifying him. The Court shall issue its decision in respect of the objection within (5) five business days without pleading. The Court's decision on this regard shall be final.

Article (188)

1. If there is a surplus of the proceeds of selling the properties that guarantee the guaranteed debt, the surplus shall be delivered to the trustee, for benefit of the debtor.
2. If the proceeds of selling the properties of guarantee are less than the value of the guaranteed debt, having paid the fees and expenses, the remainder of the guaranteed debt shall be considered an ordinary debt owed by the debtor.

Item 3
Order of Preferential Debts

Article (189)

1. The following debt classes shall be preferential debts and shall be repaid in the following order:
 - a. Any judicial fees or charges including the fees of trustees and experts and any expenses disbursed in benefit of the common interest of the creditors to maintain and liquidate the properties of the debtor.
 - b. Unpaid end of service gratuity, wages and salaries of the employees, workers and staff of the debtor periodically paid (save for any kind of allowances, bonuses, other incidental payments or any other benefits, whether in specie or in kind) which total shall not exceed maximum the wage or salary of (3) three months. The Court may permit the payment of wages and salaries due to the employees, workers and staff of the debtor for a period of not more than (30) thirty days, from the properties of the debtor in his hand.
 - c. Debts of maintenance paid by the debtor under a judgment delivered by a competent court.
 - d. The amounts payable to the governmental bodies.
 - e. Any fees, costs or expenses incurred after the date of decision of initiating procedures to procure commodities and services to the debtor or to continue the performance of any other contract that fulfills benefit of business or properties of the debtor; or any fees, costs or expenses incurred to continue the course of business of the debtor after the date of initiating procedures, according to the provisions of this Decree Law.
2. Subject to the order of priorities set out in paragraph (1) of this Article, the creditors in each class of debts abovementioned shall be equally ranked, unless the properties of the debtor are insufficient to meet same. In this case, the rank of debts shall be equally reduced.

Chapter 7
Grievance and Appeal

Item 1
Grievances

Article (190)

If the trustee appointed according to the provisions of Section 3 or 4 of this Decree Law fails to notify any creditor to attend any meeting of the creditors or no publication is made according to the provisions of this Decree Law, the aggrieved creditor may lodge grievance to the Court, according to the specific provisions in the following paragraphs:

1. The grievance applicant shall file his grievance within (10) ten business days begin from the day following his knowledge of the meeting. The grievance shall not suspend the procedures.
2. The Court shall urgently decide on the grievance after the trustee's invitation and shall issue decision of approving or rejecting the grievance. The Court's decision in this regard shall be final.

3. If the Court approves the grievance, it may judge the stay of execution or revocation of any decision previously issued based on the results of such meeting, provided that the remaining creditors shall not be harmed.

Article (191)

1. Any interested party may submit grievance to the court, if the trustee commits any of the following works:
 - a) Proposed to act or acted unfairly to the detriment of his interests.
 - b) Neglects or fails to duly perform his tasks in due diligence; or
 - c) Abuses or retains any monies or properties of the debtor or breaches any obligation due to the debtor.
2. The grievance shall be submitted within (5) five business days from the date of knowing about such act. The Court shall either reject the grievance or issue any appropriate decision, including the decision whereby the appointment of any trustee, appointed according to the provisions of Section 3 or 4 of this Decree Law, is terminated and a substitute trustee shall be appointed in the same decision. The grievance shall not suspend the procedures.

Item 2 Appeal

Article (192)

Without prejudice to the express provisions of this Decree Law, the decisions or judgments issued by the Court, according to this Decree Law, shall not be appealed. Further, no grievance shall be submitted against the decisions of the Court or the decisions issued by any trustee appointed according to the provisions of Section 3 or 4 of this Decree Law.

Article (193)

The Court of Appeal, at request of the appellant, may decide the stay of execution of the appealed decision until the subject of appeal is decided. In this case, the Court may request the appellant to provide a security in rem or a bank security issued by a bank operating in the state or any other security accepted by the Court which is sufficient to rectify any damage due to the invalidity of the application, during the period specified by the Court.

Article (194)

The debtor or the creditor may appeal any decision or judgment issued by the Court in respect of the approval or rejection of initiating procedures, according to the provisions of Section 3 or 4 of this Decree Law.

Article (195)

If the debtor is a natural person, he or any of his dependents may appeal the decision of the Court regarding the sale, pledge or disposition made to any properties allocated for their support, according to the provisions of Section 3 or 4 of this Decree Law.

Section 6

Penalties and Rehabilitation

Chapter 1

Penalties

Article (196)

Every person works at the juristic person subject to the provisions of this Decree Law and plays an effective role in making decisions therein shall be considered a manager, in this Section. This shall include the person under whose directives and instructions the managers act.

Article (197)

Everyone declared bankrupt by a final judgment shall be sentenced to prison for not more than five years, if he commits either of the following acts:

1. Hides, damages or alters all or part of his books to harm his creditors.
2. Embezzles or hides part of his properties to harm his creditors.
3. Knowingly admits debts which are not due, whether the representation is made in writing, orally, in the balance sheet or by abstention from providing papers or clarifications, while he knows the consequences of such abstention.
4. Procures preventive composition or restructuring through fraudulence.
5. Fraudulently increases his liabilities or undervalues his properties or obtains any other settlement.

Article (198)

The directors of board, managers and those in charge of liquidation of the company shall be sentenced to prison for not more than five years and a fine of not more than (1,000,000) one million Dirhams, if after the issue of a final decision of initiating procedures against the company, they commit either of the following acts:

1. Hide, damage or alter all or part of books of the company to harm the creditors.
2. Embezzle or hide part of properties of the company.
3. Knowingly admit debts which are not owed by the company, whether the representation is made in writing, orally, in the balance sheet or by abstention from providing papers or clarifications in their possession, while they know the consequences of such abstention.
4. Procure preventive composition or restructuring of the company through fraudulence.
5. Fail to announce the truth of the subscribed or paid capital, distribute simulating profits or seize remunerations in excess to the amount provided in the law, memorandum of association or articles of association of the company.
6. The penalty provided in this Article shall not apply to whoever is evidently not engaged in the work of crime or evidently reserved to the decision issued in his regard.

Article (199)

Whoever is declared bankrupt by final judgment and it is evident that the declaration of bankruptcy was due to his gross default that caused the loss of his creditors for committing one of the following acts shall be sentenced to prison for not more than two years and/or a fine of not more than (60,000) sixty thousand Dirhams:

1. Expends considerable amounts in false speculations not required by his business or makes gambling works.
2. Discharges the debt of one creditor to harm the remaining creditors, after being in default of payment for more than (30) consecutive business days or if he is in the condition of account receivable, even if for purpose of procuring preventive composition or restructuring.
3. Disposes in bad faith of his properties in less than its price in the market or seeks means harmful in nature or course to harm the creditors for purpose of delaying the declaration of his bankruptcy and liquidation of his properties or delaying the rescission of preventive composition scheme or financial restructuring scheme.

Article (200)

Whoever is declared bankrupt by final judgment shall be sentenced to prison for not more than one year and a fine of not more than (30,000) thirty thousand Dirhams, if he commits either of the following acts:

1. Fails to keep adequate commercial books to reflect his real financial position or fails to conduct the inventory imposed by the law.
2. Concludes, for benefit of third party, undertakings without consideration, which are deemed substantial compared to his financial condition when made.
3. Abstains from providing the data requested by the trustee appointed according to the provisions of Section 4 of this Decree Law or the Court, or deliberately provides them with false data.
4. After being in default of payment, permits a special privilege to a creditor to procure the approval of the preventive composition or restructuring.
5. Expends considerable amounts on his personal expenses or his house expenses whether before or after being in default of payment.
6. Repay any debt in breach of the preventive composition scheme or restructuring scheme approved by the Court or disposes of any properties in breach of the scheme.

Article (201)

The directors of board, managers and liquidators of the company which bankruptcy is declared by final judgment shall be sentenced to prison for not more than two years, if they commit either of the following acts:

1. Fail to keep adequate commercial books to reflect the real financial position of the company or fail to conduct the inventory imposed by the law.
2. Abstain from providing the data requested by the trustee appointed according to the provisions of Section 4 of this Decree Law or the Court, or deliberately provide them with false data.
3. Dispose of properties of the company after being in default of payment, to hide the properties from the creditors.

4. After the company was in default of payment, repay the debt of a creditor to harm the remaining creditors or give special securities or privileges to a creditor in preference over the remaining creditors, even if for purpose of procuring preventive composition or restructuring.
5. Dispose in bad faith of the properties of the company in less than its price in the market or seek means or ways detrimental to interest of the creditors for purpose of procuring money to avoid or delay the default of payment or declaration of bankruptcy or rescission of preventive composition or restructuring.
6. Expend considerable amounts in false speculations or gambling not required by business of the company.
7. Concludes, for benefit of third party, undertakings without consideration, which are deemed substantial compared to his financial condition when made.
8. The penalty provided in this Article shall not apply to whoever is evidently not engaged in the work of crime or evidently reserved to the decision issued in his regard.

Article (202)

1. Any trustee or expert appointed by the Court, according to the provisions of this Decree Law, shall be sentenced to prison for not more than five years and a fine of not more than (1,000,000) one million Dirhams, if he seizes or embezzles any of the properties of the debtor during its management.
2. The penalty shall be prison and/or fine, if he provides deliberately false information related to procedures.

Article (203)

Every person embezzles, steals or hides properties of the debtor, after the decision of initiating procedures, according to the provisions of Section 3 or 4 of this Decree Law, even if the person is a spouse, ascendant or descendant of the debtor or the ascendant or descendant of his spouse, shall be sentenced to prison and/or fine. The Court shall, *proprio motu*, judge returning the properties, even if judgment of acquittal is delivered in the crime. At request of the concerned parties, the Court may judge compensation, if required.

Article (204)

Every creditor of a debtor whose bankruptcy is declared shall be sentenced to prison, if he commits either of the following acts:

1. Fraudulently increases his debts owed by the debtor.
2. Agree with the debtor or other on special privileges for himself against voting in the composition or restructuring deliberations.
3. Enters into secret arrangement with the debtor after being in default of payment which acquires him special privileges that harm the remaining creditors, while he is aware thereof.

The Court shall, *proprio motu*, judge the invalidity of the said arrangements for the debtor and any other person and order the creditor to return whatever is seized under the void arrangement, even if a judgment of acquittal is judged. The Court may judge compensation, if required, at request of the concerned parties.

Article (205)

Everyone fraudulently provides simulating debts in name of his own or others, during the preventive composition, restructuring or bankruptcy and liquidation procedures, shall be incarcerated.

Article (206)

Every debtor shall be sentenced to prison for not more than five years, if:

1. Deliberately hides all or part of his properties or exaggerates its appraisal to procure preventive composition or restructuring.
2. Deliberately enables a false creditor or a creditor who is prohibited from engagement in the preventive composition or restructuring or exaggerating his debt to be engaged in the deliberations and voting, or let him deliberately to be engaged therein.
3. Deliberately omits stating a creditor in the list of creditors.

Article (207)

Every creditor shall be incarcerated, if:

1. Deliberately overestimates his debts.
2. Engaged in deliberations or voting on the preventive composition scheme or restructuring, while he knows that he is legally restricted to.
3. Enters into secret arrangement with the debtor that acquires him special privileges that harm the remaining creditors, while he is aware thereof.

Article (208)

Everyone who is not a creditor and is knowingly engaged in preventive composition or restructuring deliberations or voting on the preventive composition scheme or restructuring scheme, without permission of the trustee or the Court shall be incarcerated.

Article (209)

If the crime is pertinent to an arrangement concluded by the debtor with a creditor to confer special privileges on the creditor, against voting on the preventive composition scheme or restructuring in detriment to the remaining creditors, the Criminal Court may, *proprio motu*, judge the annulment of such arrangement and order the creditor to return whatever he seized under the void arrangement, even if a judgment of acquittal is delivered in the crime. The Court may judge compensation, if required, at request of the concerned parties.

Article (210)

Every supervisor deliberately provides or supports false data regarding the financial condition of the debtor shall be incarcerated.

Article (211)

1. Any trustee appointed according to the provisions of Section 3 or 4 of this Decree Law shall provide the Public Prosecution during investigation or criminal trial with all requested instruments, documents, clarifications and information.

2. The instruments and documents during the investigation or criminal trial shall be kept with the process server department of the Court. Unless otherwise is decided by the Court, such instruments and documents may be accessible and formal copies thereof may be requested.
3. The instruments and documents shall be returned after the completion of investigation or trial, against a receipt.

Article (212)

1. If the Court decides initiating preventive composition or restructuring procedures, according to the provisions of Section 3 or 4 of this Decree Law, any criminal procedures taken or will be taken against the debtor, if arising from lawsuits of issuing a bad cheque for the cheques issued by the debtor before initiating the preventive composition or restructuring procedures, shall be suspended.
2. If the Court judges suspension of criminal procedures, according to paragraph (1) of this Article, the creditor, bearer of bad cheque, shall be included in the creditors and his debt shall become part of total debts of the debtor.
3. The effect of suspension of criminal procedures against the debtor shall continue until the Court that hears the preventive composition or restructuring application, as the case may be, decides on the application and approves the settlements concluded with the creditors of the debtor, according to the rules regulating the required procedures in this Decree Law.
4. If the Court approves the arrangement reached by the debtor and his creditors, according to the provisions of this Decree Law, this shall automatically extend the suspension of criminal procedures taken against the debtor until the preventive composition or restructuring procedures, as the case may be, are completed.
5. If the debtor obtains a decision from the competent body of the completion of implementing the required procedures and settlement of debts owed by the debtor to the cheque bearer creditor, the debtor may apply to the Court that hears the criminal action, according to Article (401) of the Penalty Code, to issue decision of termination or stay of execution of the criminal action, as the case may be.

Article (213)

Unless otherwise is provided by the law, any civil or commercial claims or applications related to the application of the provisions of this Decree Law shall remain independent from any criminal action filed according to the provisions of this Section. Such claims or applications shall not be heard by or referred to the Criminal Court.

Article (214)

The Court may publish all criminal judgments delivered in the crimes provided in this Decree Law in the ways prescribed for the publication of the declaration of bankruptcy according to the provisions of Section 4 of this Decree Law.

Article (215)

Upon conviction in the crimes provided in Articles (197, 198, 199, 200 & 201) of this Decree Law, the Court may prohibit the sentenced person from directly operating, managing, supervising or playing any role in the management of any company established according to the provisions of the Commercial Companies Law or

transacting any other business, for not more than (5) five years from the date of completion of the bankruptcy and liquidation procedures. The name of the sentenced person shall be added to the commercial or professional registration, as the case may be.

Article (216)

The penalties set out in this Section shall not prejudice any harsher penalty provided in any other law.

Chapter 2 Rehabilitation of the Debtor Declared Bankrupt

Article (217)

Unless otherwise is required by the provisions of this Chapter, the rights stripped of the debtor who is declared bankrupt under the provisions of this Decree Law or any special laws shall return upon the expiration of five years from the date of completion of the declaration of bankruptcy and liquidation of properties procedures.

Article (218)

The debtor who is declared bankrupt shall be rehabilitated, even if the period provided in Article (217) of this Decree Law has not expired yet, if the debtor discharges all his debts in terms of principal amounts, charges and interests for one year period, including the part in which he was cleared.

Article (219)

The debtor who is declared bankrupt may be rehabilitated, even if the period provided in Article (217) of this Decree Law has not expired yet, in the two following cases:

1. If he obtains a settlement from his creditors and satisfies its conditions. This provision shall apply to the general partner in a company which bankruptcy is declared, if the partner obtains a special settlement and satisfies its conditions.
2. If the creditors evidently discharged the debtor of all debts that remained outstanding, after the completion of bankruptcy and liquidation procedures.

Article (220)

The debtor, who is declared bankrupt against whom a judgment of conviction in one of the crimes provided in Article (197) of this Decree Law, shall be rehabilitated only after the expiration of (3) three years after serving the judged penalty, his pardon, or time bar, provided that the debtor discharges all his debts in terms of principal amount, interests and charges or concludes a settlement with the creditors, in its regard.

Article (221)

The debtor who is declared bankrupt may be rehabilitated after his death, at request of the successors. The dates provided in Articles (219) and (220) of this Decree Law shall be calculated from the date of death.

Article (222)

If a creditor abstains from receiving his debt, is absent or his address cannot be identified, the debt may be brought into the Court. The deposit receipt shall be considered an acquittal in connection with rehabilitation.

Article (223)

1. The rehabilitation application shall be submitted with the attached supporting documents to the Court that delivered the judgment of declaration of bankruptcy and liquidation.
2. The Court shall send a photocopy of the application to the Public Prosecution and the Commercial or Professional Register Administration in which the debtor is registered, as the case may be. The Court shall notify the creditors whose debts are admitted in the bankruptcy procedures of the rehabilitation application.

Article (224)

The Public Prosecution shall submit to the Court, within (20) twenty business days from the date of receiving the photocopy of the rehabilitation application, a report that contains data of the judgments delivered against the debtor who is declared bankrupt in bankruptcy crimes or the trials or investigations conducted with him in this regard and its opinion in acceptance or rejection of the rehabilitation application, provided that such opinion is accounted for.

Article (225)

Every creditor whose debts are admitted and has not received his debts may submit an objection to the rehabilitation application, within (15) fifteen days from the date of being notified. The objection shall be made by a written application to the Court with the attached supporting documents.

Article (226)

After the expiration of the period provided in Article (225) of this Decree Law, the Court shall notify the creditors who submitted objections to the rehabilitation application on the date of the hearing scheduled to hear the application.

Article (227)

1. The Court shall decide on the rehabilitation application by a judgment appealable before the competent Court of Appeal.
2. If the rehabilitation application is rejected, the application may be re-submitted after the expiration of six months from the date of delivery of the final judgment of its rejection.

Article (228)

If investigations with the debtor who is declared bankrupt are conducted in one of the bankruptcy crimes, before deciding on the rehabilitation application, or a criminal action is filed against him in this regard, the Public Prosecution shall notify the Court immediately. The Court shall suspend deciding on the rehabilitation application until the investigations are closed without filing the criminal action or the delivery of final judgment therein.

Article (229)

If a final judgment of conviction is delivered against the debtor in one of the bankruptcy crimes, after the delivery of judgment of rehabilitation, the latter judgment shall be considered as if never delivered. The debtor shall not be rehabilitated unless on the conditions provided in Article (220) of this Decree Law.

Section 7 Closing Provisions

Article (230)

1. Articles (417, 418, 419, 420, 421 and 422) of the Federal Law No. (3) of 1987 on the Issue of the Penalty Code shall be repealed.
2. The Fifth Book of the Federal Law No. (18) of 1993 on the Issue of the Commercial Transactions Law shall be repealed.
3. Every provision contravenes or contradicts the provisions of this Decree Law shall be repealed.

Article (231)

This Decree Law shall be published in the official gazette and shall come into force three months after the date of publication.

Khalifa Bin Zayed Al Nahyan
President of the United Arab Emirates

Issued by us at the Presidency Palace in Abu Dhabi

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