

Khalifa Bin Zayed Al Nahyan

President of the United Arab Emirates

Federal Law by Decree 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 Jurisdiction of Ministries and the Powers of Ministers, as amended;
- Federal Law No. (10) of 1980 on the Central Bank, the Monetary System and Regulation of the Banking Profession, as amended;
- Federal Law No. (5) of 1985 on the issuance of the Civil Transactions Law, as amended;
- Federal Law No. (3) of 1987 on the issuance of the Penal Law, as amended;
- Federal Law No. (10) of 1992 on the issuance of the Law of Evidence in Civil & Commercial Transactions, as amended;
- Federal Law No. (11) of 1992 on the issuance of the Civil Procedure Law, as amended;
- Federal Law No. (35) of 1992 on the issuance of the Penal Procedure Law, as amended;
- Federal Law No. (18) of 1993 on the issuance of the Commercial Transactions Law;
- Federal Law No. (1) of 2006 on Electronic Transactions and Commerce;
- Federal Law No. (4) of 2004 on Financial Free Zones;

- Federal Law No. (6) of 2007 on the Establishment of the Insurance Authority and the Organisation of its operations, as amended;
- Federal Law No. (7) of 2012 on the Regulation of Expertise before the Judicial Authorities;
- Federal Law No. (2) of 2015 on Commercial Companies;
- Upon the proposal of the Minister of Finance and the approval of the Cabinet;

we have issued the following Law by Decree¹:

Chapter One

Definitions and Scope of Application

Article (1)

In applying the provisions of this Law, the following terms and expressions shall, unless otherwise required by the context, have the meanings set forth below:

State:	United Arab Emirates.
Minister:	The Minister of Finance.
Court:	The competent court having jurisdiction pursuant to the Civil Procedure Law.

¹ Hereinafter referred to as “the Law”.

Competent Supervisory Authority:	The federal or local governmental supervisory authority designated by Cabinet resolution.
Debtor's Debts:	The debts payable by the Debtor as of the date the Court issues an order to commence proceedings in accordance with the provisions of Chapter Three or Four of this Law, or liabilities assumed by the Debtor prior to such order.
Debtor's Assets:	The items identified as assets on the Debtor's balance sheet as on the date of the order to commence proceedings or during such proceedings under this Law.
Debtor's Business:	The activities carried out by the Debtor before or during proceedings commenced under this Law.
Over-indebtedness:	The state in which the Debtor's Assets, at any given time, do not cover the Debtor's liabilities.
Cessation of Payment:	The case in which the Debtor fails to pay its debts when due and payable.
Free Zone:	Any free zone established or to be established in the State by federal or local legislation.
National Currency:	UAE Dirham.
Interested Party:	Any natural or juridical person who has a right or interest in any of the proceedings provided for in this Law.
Exchange Rate:	The exchange rate of the UAE Dirham against respective foreign currencies as announced by the Central Bank of the United Arab Emirates.
Provisional Measures:	Any measures taken by the Court deemed necessary to safeguard or manage the Debtor's Assets in accordance with the provisions of this Law.

- Business Day: Any official business day in the State.
- Schedule of Experts: The schedule of experts who are certified in matters of financial reorganisation and bankruptcy in accordance with the aforesaid Federal Law No. (7) of 2012.

Article (2)

The provisions of this Law shall apply to:

1. Companies governed by the Commercial Companies Law.
2. Companies not established under the Commercial Companies Law and which are wholly or partly owned by the federal or local government, and which have enabling legislation, or memoranda or articles of association stipulating that this Law applies.
3. Companies and Establishments in the Free Zones that are subject to the provisions of Federal Law No. (8) of 2004 on Financial Free Zones which are not governed by particular provisions regulating protective composition procedures, financial restructuring and/or bankruptcy.
4. Any individual who is a “trader” as defined under the Commercial Transactions Law.
5. Licensed Civil Companies carrying out professional activities.

Chapter Two

Financial Reorganisation

Article (3)

1. A permanent committee to be known as the “Financial Reorganisation

Committee” shall be formed by a Cabinet resolution², upon the proposal of the Minister.

2. The Resolution referred to in Paragraph 1 of this Article shall set out the authority of the Committee, including the authority to seek assistance from any experts or professionals; and shall set out the operation and procedures of the Committee.

Article (4)

The Committee shall have the following authority:

1. To supervise the administration of the financial reorganisation of financial establishments licensed by the Competent Supervisory Authority, in order to facilitate amicable agreements between the Debtor and its creditors with the assistance of one or more expert(s) appointed by the Committee for this purpose in accordance with the procedures stipulated in the Resolution.
2. To establish an approved panel of financial reorganisation and bankruptcy experts to perform any acts entrusted to them under the provisions of this Law, in coordination with the Ministry of Justice or any Local Judicial Authority in the Emirates, and to approve the conditions and procedures for listing in the Panel of Experts.
3. To determine a schedule of fees and reimbursable expenses to be paid to the appointed experts for rendering the financial reorganisation services as assigned, and such expert shall be considered a public officer.
4. To establish and organize a register of persons against whom court orders are issued, including any restrictions ordered by the Court, or resulting disqualifications pursuant to the provisions of this Law. The Committee shall issue a resolution specifying the form of the register and the information to be included therein, the persons entitled to review the register and the conditions thereof, and any other relevant provisions.

² Hereinafter referred to as “the Resolution”.

5. To submit periodic reports to the Minister on its work, achievements and proposals to enable the Committee to perform the duties entrusted to it by this Law.
6. Any other powers provided for in this Law or delegated to the Committee by the Cabinet.

Chapter Three

Protective Composition

Section One

Application and Determination of the Application

Article (5)

The composition procedure³ provided for in this Chapter aims to assist the Debtor to reach settlements with its creditors, by means of a protective composition plan⁴, under the supervision of the Court and with the assistance of a composition trustee appointed pursuant to the provisions of this Chapter.

Article (6)

1. Only the Debtor has the right to apply to the Court to commence the Protective Composition Procedure where it is experiencing financial hardship and requires assistance to reach settlements with its creditors.
2. The Court shall accept the application for Protective Composition only if the Debtor is not in a state of Cessation of Payment for more than (30) thirty consecutive Business Days as a result of the disorder of the Debtor's financial condition, and if the Debtor is not Over-indebted.

Article (7)

³ Hereinafter referred to as the "Protective Composition Procedure" or "Protective Composition"

⁴ Hereinafter referred to as the "Protective Composition Plan"

Upon application by the Debtor to commence the Protective Composition Procedure, the enforceability of the Debtor's obligations under Article (68) of this Law shall be suspended throughout the period, from the date of filing the application up until the issuance of the court order accepting or rejecting the commencement of the Protective Composition Procedure. Where the Application for Protective Composition is granted, the said suspension shall continue throughout the Protective Composition Procedure.

Article (8)

If the Debtor is regulated by a Competent Supervisory Authority, the Debtor may apply for Protective Composition, provided that the Debtor informs such Supervisory Authority in writing within (10) ten working days prior to the date of filing the application. The Competent Supervisory Authority may submit any documents or pleadings concerning the same to the Court.

Article (9)

1. The application for Protective Composition filed with the Court shall set out the reasons for the application, and be accompanied by the following documents:
 - a. Memorandum including a brief summary of the economic and financial position of the Debtor together with information about the Debtor's Assets and detailed statements of the Debtor's employees.
 - b. Certified copy of the commercial, industrial or professional license and the commercial or professional register of the Debtor issued by the competent licensing authority in the Emirate.
 - c. Copy of the accounting books or financial statements relating to the Debtor's Business for the financial year preceding the filing of the application.
 - d. A report including the following:
 - 1) The cash flow, profit and loss projections of the Debtor for the (12) twelve months following the filing of the application.
 - 2) A statement of the names and addresses of the known creditors and

debtors and the amounts of their respective entitlements or debts and any securities provided.

- 3) Detailed statement of the Debtor's Assets - movable and immovable, and the approximate value of each as at the date of filing the application, along with a statement of any securities or rights of third parties against them.
- e. Proposals for the Protective Composition Procedure and the security for the implementation thereof.
- f. Nomination by the Debtor of a trustee to undertake the procedures pursuant to the provisions of this Law.
- g. If the applicant is a company, the application shall be accompanied by a copy of the resolution of the company's competent authority approving the application for Protective Composition, and copies of the incorporation documents, and any amendments thereto, as filed with the competent licensing authority in the Emirate.
- h. A report issued by the competent Credit Bureau Authority in the State.
- i. Any other documents in support of the application.
2. If the applicant is unable to submit any of the details or documents required pursuant to the provisions of Article 9(1) hereof, the applicant shall specify in the application the reasons for such inability.

Article (10)

1. The Court considering the application for Protective Composition may decide, upon request of any Interested Party or of its own accord, to take any necessary measures to maintain or manage any of the Debtor's Assets, including sealing any place of business of the Debtor pending resolution of the application.
2. The court may order the continuation of any such measures or any further safekeeping measures following the approval of the application for Protective Composition

Article (11)

The Court shall verify that the application includes all necessary supporting documents and may give the Debtor an extension of time to submit any additional details or documents in support of Debtor's application.

Article (12)

The Debtor shall deposit a sum of money or a bank guarantee with the Court's treasury in the manner and by a date as determined by the Court, to cover the costs and expenses of the Protective Composition Procedure, including the fees and expenses of the trustee and any appointed expert.

Article (13)

1. The Court may appoint an expert from among the experts listed in the Panel of Experts, or an expert who is not listed in the Panel if the Court does not find an expert with the required expertise.
2. The appointed expert shall prepare a report on the financial position of the Debtor, including an assessment as to whether the conditions required to accept the Application for Protective Composition are met and whether the Debtor's Assets are sufficient or insufficient to implement the Protective Composition Procedure
3. The Court shall determine the duties and remuneration of the Expert and the period required for submission of the Expert report, provided that such period shall not exceed twenty (20) Business Days from the date the Expert is notified of the appointment.
4. The provisions of Articles (19) and (20) of this Law shall apply to the expert.

Article (14)

1. The Court shall decide on the application for Protective Composition, without the need for any opponent to appear, within a period not exceeding five (5) Business Days from either the date the application is filed, provided it conforms with the requirements of this Law, or, from the date on which the expert submits the report, as the case may be.

2. If the Court approves the application, it shall order the commencement of the Protective Composition Procedure.

Article (15)

The Court shall dismiss the application for Protective Composition in the following cases:

1. If the Debtor is already subject to Protective Composition, restructuring, bankruptcy or liquidation of the Debtor's Assets in the State in accordance with the provisions of this Law.
2. If the Debtor fails to submit the documents and details provided for in Articles (9) and (11) of this Law, or if the application is unjustifiably incomplete.
3. If it is established that the Debtor is acting in bad faith or the application is an abuse of process.
4. If a final judgment is issued convicting the Debtor of one of the crimes provided for in Chapter Six of this Law or of any crime of forgery, theft, fraud, breach of trust, or embezzlement of public funds, unless the Debtor has been rehabilitated.
5. If the Court finds that the Protective Composition Procedure is not appropriate for the Debtor on the basis of the information submitted by the applicant or the report prepared by the Expert pursuant to Article 13(2) of this Law.
6. If the Court decides to commence bankruptcy procedures pursuant to the provisions of Chapter Four of this Law.
7. If the Debtor fails either to pay the required deposit amount or to provide the required bank guarantee, pursuant to the provisions of Article (12) of this Law.

Article (16)

The Court may summon any person who has in their possession information relevant to the application for Protective Composition. Such person shall undertake to provide the Court with any information required.

Section Two

Appointment of Trustee

Article (17)

1. If the Court decides to accept the application for Protective Composition, it shall appoint a trustee, who shall be a natural or a juridical person who has been nominated in accordance with Paragraph 1(f) of Article 9 of this Law, or an Expert to be selected from the Panel of Experts, or -from outside the Panel if the Court does not find an expert with the required expertise.
2. The Court may of its own accord or upon the request of the Debtor or the controller, appoint more than one trustee, provided that the number of trustees appointed at any given time shall not exceed three (3).
3. If more than one trustee is appointed, they shall perform their duties jointly and their resolutions shall be passed by majority vote. In case of a tied vote the matter shall be referred to the Court for determination. The Court may divide the duties among the appointed trustees and may specify the manner in which their duties are discharged, whether jointly or individually.
4. If the Court appoints a juridical person as a trustee, such person shall nominate one or more of its representatives to undertake the duties of the trustee, provided that such representatives shall be registered in the Panel of Experts in accordance with the provisions of this Law.
5. The Court shall notify the trustee of the appointment by no later than one Business Day after the issuance of the order.
6. Any creditor may file with the Court a grievance against the Court's appointment of the trustee within five (5) Business Days from the date of publication thereof, pursuant to the provisions of Article (35) of this Law. The Court shall issue its decision regarding the grievance, without pleading, within five (5) Business Days of submission thereof. The decision of the Court shall be final; and the filing of the grievance shall not stay any of the procedures in this Chapter.

Article (18)

The trustee may file with the Court any application which would assist in the performance of the assignment. This includes, without limitation, an application for the appointment or delegation of one or more experts from the Panel of Experts to assist the trustee in any matters falling within the trustee's mandate. If necessary and upon the Court's approval, it is permissible to appoint an Expert who is not listed on the Panel of Experts. The Court shall specify the mandate and fees of the Expert, upon the recommendation of the trustee.

Article (19)

Trustees shall not be any of the following persons:

1. A creditor of the Debtor.
2. A spouse, in-law or kin up to the fourth degree of the Debtor.
3. Any person against whom a final judgment is issued for a criminal offence, or for a misdemeanor of theft, embezzlement, deceit in commercial transactions, breach of trust, fraud, forgery, perjury bribery or any misdemeanor that affects the national economy, or any of the crimes provided for in this Law, even if such person has been rehabilitated.
4. Any person who has been a partner, employee, auditor or agent of the Debtor in the two years preceding the commencement of the Protective Composition Procedure.

Article (20)

1. The appointed trustee shall be entitled to fees in consideration for the duties performed plus any expenses incurred, which shall be disbursed as determined by the Court, from the amount deposited or the bank guarantee submitted in accordance with the provisions of Article (12) of this Law.
2. The Court may decide to pay the trustee amounts on account, for the fees and expenses at any time following commencement of duties, by deducting such amounts from the deposit on account for fees and expenses.

3. Any Interested Party may file a grievance with the Court concerning the trustee's estimated of fees and expenses. Filing such a grievance shall not stay the procedures. The Court shall determine the grievance within five (5) Business Days after the grievance is filed and the Court's decision shall be final.
4. If the amount on deposit or the bank guarantee do not cover the fees and expenses of the trustee, the Court shall require the Debtor to pay the difference within the period specified by the Court; otherwise, the Court may order termination of the Protective Composition Procedure.

Article (21)

1. The Court may of its own accord replace the trustee as it deems necessary. A creditor or the Debtor may also apply to the Court for replacement of the trustee, if it can be demonstrated that continuation of the trustee's appointment would be detrimental to the interest of the Debtor or creditors. The replacement trustee shall be appointed in the same manner followed in appointing the trustee under this Law. The outgoing trustee shall cooperate as necessary to enable the replacement trustee to assume the duties.
2. The trustee may apply to the Court to be discharged from the duties. The Court may accept such application and appoint a replacement, and grant fees to the trustee whose application has been accepted, for the services performed.

Section Three

Inventory of the Debtor's Assets

Article (22)

1. Immediately upon appointment, the trustee shall carry out an inventory of the Debtor's Assets in the presence of the Debtor or its representative, after notifying the Debtor of same. Minutes shall be prepared by the trustee detailing the procedures taken, including a list of the inventory. The minutes shall be signed by the trustee and the Debtor or its representative, if present. A copy of the minutes shall be submitted to the Court.

2. The trustee may apply to the Court for an order to seal or unseal any of the Debtor's Assets.
3. The list of the Debtor's Assets shall not include entitlements of the dependents eligible under the Debtor's pension, if any, whether such rights accrue before or after the commencement of proceedings hereunder; such pension entitlements shall remain the property of such Dependents.

Article (23)

1. Upon appointment, the Court shall provide the trustee with all the information available to it about the Debtor.
2. The Debtor shall provide the trustee with any further details relating to the Protective Composition as may be required and within the period specified by the trustee.

Article (24)

1. The trustee shall prepare a register of all the known creditors of the Debtor, and shall provide a copy of such register, having up-to-date entries, to the Court.
2. The trustee shall enter the following into the register:
 - a. The address of each creditor, the amount of each creditor's claim and the due dates thereof.
 - b. Identify any creditors secured by means of mortgage or lien, the details of the security held by each creditor and an estimate as to the likely value of each security upon foreclosure.
 - c. Any set-off application in accordance with the provisions of Section Five of Chapter Five of this Law.
 - d. Any other details the trustee may consider necessary to perform the trustee's duties.

Article (25)

1. The trustee may request any data or information, relating to the Debtor's

Assets or Business, from any person who may have such information.

2. Any person who possesses information on the Debtor's Assets or the Debtor's Business must provide the trustee with the necessary information requested by the trustee, including any documents and accounts of the Debtor. The trustee shall keep confidential any information relating to the Debtor, if disclosing such information would be detrimental to the Debtor, and shall not disclose such information outside the framework of the Protective Composition Procedure.
3. If such person refuses to cooperate with the trustee to provide the information required, the trustee may refer the matter to the Court, to determine the extent of the information that may be sought and ordered to be provided to the trustee.

Article (26)

1. During the Protective Composition Procedure, the management of the Debtor's Business shall be carried out by the Debtor or any of its staff under the supervision of the trustee.
2. The trustee may require the Debtor to carry out all acts necessary to preserve the interests of the Debtor and the creditors, throughout the Protective Composition Procedure.
3. Upon the Debtor's consent or with the Court's approval, the trustee may take the following actions on behalf of the Debtor, as long as such actions serve the purpose of the Protective Composition Procedure:
 - a. Take possession of any of the Debtor's Assets.
 - b. Request verification and proof of the Debtor's title to any Assets.
 - c. Carry out an evaluation of the Debtor's Assets and submit a report to the Court on the same.
 - d. Collect any funds or entitlements on behalf of the Debtor.
 - e. Enter into or maintain any insurance policies necessary to carry on the Debtor's Business.

- f. Pay any amounts or settle any claims to implement the Protective Composition Plan.
- g. Rent out any properties of the Debtor or terminate any of its lease agreements, and to lease any property as necessary.
- h. Enter into any arrangement, settlement or compromise on behalf of the Debtor with one or more of its creditors.
- i. Procure any security the Debtor may have neglected to secure or renew.
- j. Take any other actions to achieve the objectives of the Protective Composition Procedure, as may be approved by the Court.

Article (27)

1. The Court may order the suspension of any part of the Debtor's Business, upon an urgent application by the trustee.
2. The Court shall finally determine the suspension order, based on the trustee's report, after a period not exceeding the term approved by the Court for the draft Protective Composition Plan, in accordance with the provisions of Section Ten of this Chapter.

Article (28)

1. The trustee, on behalf of the Debtor, may apply to the Court for authorisation to procure new financing, with or without security during the Protective Composition Procedure, in order to ensure the continuation of the Debtor's Business pursuant to the provisions of Section Four of Chapter Five of this Law.
2. Any security interest granted on the Debtor's Assets after the commencement of the Protective Composition Procedure shall be unenforceable, unless such security interest has the prior authorisation of the Court.

Section Four

Appointment of Controllers

Article (29)

1. The Court may appoint one or more controllers from among the creditors who request such appointment, to supervise the implementation of the Protective Composition Procedure. Where there are both secured and unsecured candidate creditors, at least one controller must be appointed for each group.
2. Where more than one creditor from a single group offers to be appointed as a controller, the Court shall select from among them the candidate creditor it deems most suitable, taking into account the number of creditors and the amount of debt held by each candidate.
3. Each controller may be represented by one of its employees or its legal representative.
4. If the Debtor is governed by a Competent Supervisory Authority, then the Court may appoint a controller from such Authority, upon its request.
5. The controller, or the representative of the juridical person appointed as the controller, shall not be a spouse, in-law or kin up to the fourth degree of the Debtor.
6. The controller shall not be entitled to remuneration and shall be liable only for deliberate or gross negligence in the performance of the controller's duties.
7. The Debtor or any creditor may file a grievance with the Court concerning appointment of the controller or its representative. The filing of such a grievance shall not stay the procedures. The Court shall determine the grievance within five (5) Business Days from the date of filing and its decision shall be final.
8. The Court may of its own accord or upon request of the trustee remove a controller and appoint a replacement.
9. The Court may discharge a controller from its duties upon the controller's request and appoint a replacement.

Article (30)

A controller shall assist the trustee and the Court and shall act in the general interest of the creditors, observe the implementation of the Protective Composition Plan and shall report any violations to the Court.

Section Five

Restriction on Disposition of Property

Article (31)

1. As of the date of the Commencement Order of the Protective Composition Procedure, the Debtor shall not:
 - a. Pay any claims which arose prior to the issuance of the Commencement Order, other than any set-off payments pursuant to Section Five of Chapter Five of this Law.
 - b. Dispose of any of the Debtor's Assets or borrow any funds other than in the ordinary course of the Debtor's Business, and subject to the provisions of this Law, provided that the Debtor obtains prior approval from the trustee or the Court.
 - c. Dispose of any shares of or interest in the company or effect any change to its ownership or legal form, where the Debtor is a juridical person.
2. The Court shall issue an order, upon the request of any Interested Party, that a disposition by the Debtor which is contrary to the provisions of Paragraph 31.1 is unenforceable.

Section Six

Stay of Judicial Proceedings and Accrual of Interest

Article (32)

1. Except as otherwise provided in this Law, all judicial proceedings and judicial

enforcement actions on the Debtor's Assets shall be stayed from the commencement of the Protective Composition Procedure until the approval of the Protective Composition Plan, unless otherwise decided by the Court.

2. As an exception to Paragraph 1 of this Article, secured creditors may exercise their foreclosure rights if their debts are due, upon approval of the Court. The Court shall decide whether to grant such approval within ten (10) Business Days from the date a creditor files an application with the Court. Determination of the application for approval shall not require notice or exchange of submissions. Before granting approval, the Court shall ensure that there is no collusion between the Debtor and the secured creditor, and shall verify the priority of the secured creditor where there is more than one secured creditor with respect to the same asset.
3. A Court decision dismissing the application for approval may be appealed before the competent court of appeal. The appeal shall not stay the Protective Composition Procedure. The decision issued in the appeal shall be final.

Article (33)

Neither the commencement of the Protective Composition Procedure nor the approval of the Preventive Composition Plan shall render the Debtor's debts due or stop interest accruing thereon.

Section Seven

Fulfillment of Obligations and Contracts

Article (34)

1. Subject to Articles (26) and (31) of this Law, a decision to commence the Protective Composition Procedure shall not result in the termination or cancellation of any ongoing contract between the Debtor and a counterparty. Such counterparty shall perform its contractual obligations, unless, prior to the decision to commence the Protective Composition Procedure, the counterparty receives a judgment entitling it not to execute the contract as a result of the Debtor's failure to perform its obligations.

2. On the application of the trustee, the Court shall order the termination of any contract to which the Debtor is a party, if it is necessary to enable the Debtor to carry on its Business or it is in the interests of the creditors as a whole and does not unfairly prejudice the counterparty's interests.
3. If the Debtor owns a jointly-owned property, the trustee or any of the co-owners of the jointly owned property may apply for division of the property, notwithstanding the existence of an agreement among them prohibiting such division. A co-owner who wishes to purchase the Debtor's share for fair consideration, as determined by the Court, shall be given priority above other parties.

Section Eight

Protective Composition Procedure and Filing of Claims

Article (35)

Within five (5) Business Days Business Days of the date of receiving a notice of appointment, the trustee shall do the following:

1. Publish a summary of the decision to commence the Protective Composition Procedure in two widely distributed daily newspapers, one in Arabic and the other in English. The publication shall invite any creditors to submit their claims and supporting documents to the trustee, no later than twenty (20) Business Days from the date of the publication.
2. Notify all the creditors with known addresses to provide the trustee with their claims and supporting documents, no later than twenty (20) Business Days from the date of publication of the decision to commence the Protective Composition Procedure.

Article (36)

1. All creditors shall deliver to the trustee a statement of their debts owed, the due dates and amounts thereof, supporting documents and details of any security provided, within the time period set out in Article (35) of this Law.

The amounts claimed shall be denominated in the National Currency based on the Exchange Rate as at the date of the Commence Order.

2. The trustee may request a creditor who submits a claim to provide clarifications about the debt or to complete the debt documentation or to specify the amount or description thereof. The trustee may also request confirmation of any claims from the creditor's auditor or accountant.

Article (37)

1. After the expiry of the period specified in Article (35) of this Law, the trustee shall prepare a list of the creditors who have submitted claims, setting out the amount of each debt with supporting documents and any security; and an opinion on what should be accepted amended or rejected, and proposals for the method of payment, if possible. The trustee shall deposit the list with the Court within ten (10) Business Days from the date of expiry of the time specified in Article (35). The period may be extended once for the same period, by order of the Court.
2. The trustee shall, within (3) three successive Business Days of the deposit to the Court referred to in Paragraph (1) of this Article, publish the list of debts and the amounts as approved in relation to each debt in two widely distributed local daily newspapers, one in Arabic and the other in English.

Article (38)

1. The Debtor and every creditor, whether its name is included in the list of debts or not, may object to the list within seven (7) Business Days from the date of publication of the list in the newspapers. Such objection shall not result in a stay of the Protective Composition Procedure.
2. The Court shall determine any objection submitted in accordance with the provisions of Paragraph 1 of this Article, within ten (10) Business Days of the date of submission.
3. The Court's decision may be appealed before the competent court of appeal, within five (5) Business Days from the date of issuance of the decision. The appeal shall not stay the Protective Composition Procedure. The decision

issued in the appeal shall be final.

4. The Court may, prior to determination of the appeal, decide to provisionally accept a debt in an amount to be estimated by the Court, and shall notify the trustee of the same.
5. A debt shall not be provisionally accepted where a criminal claim has been filed in relation thereto
6. If the objection relates to collateral provided to secure a debt, then it shall be provisionally accepted as an ordinary debt.
7. The share of the provisionally accepted debt shall be reserved from the proceeds of sale of the secured assets, and on making any distribution to the creditors in accordance with the provisions of this Law. If the Court decides not to recognize the provisionally accepted debt or if such debt was reduced, the reserved share shall be reduced in proportion to the general security of the creditors.
8. The Court shall approve a list of those creditors whose debts are finally or provisionally accepted.

Article (39)

1. A creditor who fails to submit documents in support of its debts within the time provided in Article (35) of this Law shall not participate in the Protective Composition, unless the Court or the trustee in their discretion accept the reasons for such failure. Creditors whose debts are not finally accepted shall not participate in the Protective Composition.
2. As an exception to Paragraph 1 of this Article, a creditor who fails to submit documents supporting its claimed debts within the time provided for in Article (35), may submit them to the trustee for acceptance and participation in the Protective Composition, where there are justifiable reasons for the tardiness. The trustee's acceptance of the same shall be approved by the Court. If the trustee refuses to accept the supporting documents or if the trustee fails to respond within three (3) Business Days, the creditor may apply to the Court

to approve the submission of the documents supporting its claimed debt. The Court shall consider the application promptly upon consultation with the trustee, and shall issue its decision within seven (7) Business Days from the date the application is filed. If the Court orders that the debt is accepted, it may instruct the trustee to submit a report on the impact of the new debt on the draft Protective Composition Plan, to the Court for approval. The procedures provided for in this Paragraph shall not stay the Protective Composition Procedure.

Section Nine

Protective Composition Plan

Article (40)

1. The Debtor shall assist the trustee to prepare the draft Protective Composition Plan for submission to the Court within forty-five (45) Business Days from the date of publication of the commencement order. The Court may, upon request of the Debtor or the trustee, extend the period for one or more terms which shall not exceed twenty (20) Business Days, provided that periodic reports on the progress of preparation of the draft plan are submitted to the Court every ten (10) Business Days.
2. The draft Protective Composition Plan shall include the following:
 - a. The extent to which the Debtor's Business can be profitable again.
 - b. The Debtor's activities that are to be suspended or terminated.
 - c. Terms and conditions of settlement of any liabilities.
 - d. Any security that may be required for the proper execution of the Plan.
 - e. Offers for the purchase of all or part of the Debtor's Assets, if any.
 - f. Grace periods and discounts on payments.
 - g. The possibility of conversion of the debt into equity for any enterprise.

- h. Any offer for consolidation, establishment, release, sale or replacement of any securities, if the same is necessary to implement the draft plan.
 - i. The term for implementation of the plan, taking into account Paragraph 1 of this Article
3. The trustee may include in the draft Protective Composition Plan any other matters considered useful by the trustee to implement the Protective Composition Plan.

Article (41)

The Protective Composition Plan must include an implementation schedule, which shall not exceed three (3) years from the date of approval of the plan by the Court. The term may be extended upon approval of the majority of the creditors holding an aggregate of at least two thirds of the value of the outstanding debts, pursuant to the Plan and any amendments thereto.

Article (42)

1. The Court shall, within ten (10) Business Days from the date of submission of the draft Protective Composition Plan, review it to ensure that it takes into consideration the interests of all parties. During the period, the Court may instruct the trustee to make any changes necessary to the draft plan and to return it to the Court within ten (10) business days from the date the notice is received. The term shall be renewable once for the same period.
2. If the Court finds the draft plan satisfactory, it shall instruct the trustee to invite the creditors, to a meeting to discuss and vote on the draft Protective Composition Plan, within five (5) Business Days. The trustee shall provide a copy of the draft Protective Composition Plan to the creditors whose debts have been accepted.
3. The Invitation to the meeting referred to in Paragraph 2 of this Article shall be published in two widely distributed local daily newspapers, one in Arabic and the other in English. The invitation shall set out the place and time of the meeting. In addition, the Court may instruct the trustee to send the invitation by any other methods of communication.

4. The meeting shall be held within fifteen (15) Business Days from the date of publication of the invitation or as determined by the Court in its discretion, provided the decision is in the interest of the Protective Composition.
5. The Court may decide to invite the creditors for other meetings during the course of the Protective Composition Procedure or to postpone the time of the creditors' meeting, taking into consideration the number of known creditors and any other important circumstances for holding the meeting.
6. If the Debtor is subject to the control of a Competent Supervisory Authority, such Authority shall be invited to attend the meetings.

Article (43)

1. After consulting the trustee, the Court may issue a decision to establish one or more committees of creditors holding ordinary debts, and one or more committees of creditors holding secured debts. The Court may also form one or more committees of bond and sukuk holders, for the purpose of discussing the Protective Composition Plan and proposing any amendments thereto at the meetings organised under Article (42) of this Law.
2. Each committee may select a representative from among the creditors, or from among their legal or financial consultants, and may determine the matters delegated to such representative in accordance with this Law. All correspondence relating to the meeting shall be sent to the committee representative. The committee shall be responsible for notifying the creditors in its committee of all procedures.
3. The Court may, upon a proposal of the trustee, restrict the powers of the selected representative or discharge such representative from its duties if the Court finds that the powers given to the representative are too broad and are detrimental to the interests of the creditors.
4. If it considers necessary, the Court may restructure any of the committees referred to in Paragraph 1 of this Article.

Article (44)

1. At the meetings held to discuss the Protective Composition Plan, the Trustee and the Debtor shall explain the terms of the plan.
2. At the meetings held for voting on the draft Protective Composition Plan, any creditor may propose amendments to the plan. Any committee affected by the proposed amendment shall provide its input in relation to such amendments.
3. The Court may invite the creditors to any additional meetings for consideration of the proposed amendments, and may permit or dismiss any proposed amendments before approval of the draft Protective Composition Plan, pursuant to Article (49) of this Law.

Article (45)

1. The voting rights on the draft Protective Composition Plan shall be limited to the ordinary creditors whose debts have been finally accepted.
2. As an exception to Paragraph 1 of this Article, and upon the proposal of the trustee, the Court may permit the creditors whose debts are provisionally accepted to vote on the draft Protective Composition Plan. The Court shall decide the conditions and limits of such permission.

Article (46)

1. Creditors with secured debts shall not vote on the Protective Composition Plan on the basis of such secured debts, unless they waive those securities in advance. Such waiver shall be recorded in the minutes of the meeting.
2. If one of the Creditors referred to in Paragraph 1 of this Article votes on the Protective Composition Plan without expressly waiving its security, such voting shall be deemed a waiver of that security.
3. Waiver of the security shall be final only if the Protective Composition Plan is ratified. If the Protective Composition Procedure is nullified rejected, the security deemed waived shall be reinstated.

Article (47)

1. The draft Protective Composition Plan shall be approved by the majority vote of the creditors whose debts are finally accepted, or provisionally accepted and permitted to vote, provided that such majority holds in the aggregate at least two thirds of the accepted value of the total ordinary debts.
2. In case of a failure to achieve the majority required pursuant to Paragraph 1 of this Article, the meeting shall be adjourned for seven (7) Business Days.
3. In case of a failure to achieve the required majority after the adjournment period referred to in Paragraph 2 of this Article, the Protective Composition Plan shall be deemed rejected.
4. Creditors who attended or who were represented at the first meeting and voted to approve the Protective Composition Plan, shall not be required to attend the second meeting. In that case, their approval of the Protective Composition Plan given at the first meeting shall remain valid and enforceable for quorum purposes at the second meeting, unless said creditors attend the second meeting and reverse their previous approval or any change is made to the Protective Composition Plan.
5. Minutes of the meeting held to vote on the Protective Composition Plan shall be prepared, which shall be signed by the trustee, the Debtor and the creditors present who are permitted to vote. In case one of them refuses to sign the Minutes, the name of such person shall be recorded in the minutes together with the reason therefore.
6. All the creditors who voted on the Protective Composition Plan shall provide the trustee with their respective addresses for service of notices including addresses for electronic service. Service of notice by the aforementioned methods shall be legally enforceable for all subsequent procedures.
7. The terms of the Protective Composition Plan, if approved, shall be enforceable against all the creditors including those who voted to reject the Plan.

Article (48)

Creditors who are jointly liable with the Debtor or the Debtor's guarantors for a debt shall not benefit from the Protective Composition. However, if a Composition is concluded with a company not having limited liability, the partners of that company shall benefit from the terms of the Protective Composition, unless otherwise provided therein.

Section Ten

Approval of the Protective Composition Plan

Article (49)

1. The trustee shall, within three (3) Business Days Business Days from the date at which the Protective Composition Plan is approved by the required majority of votes, present the draft Plan to the Court, for an order approving or rejecting the Plan.
2. Any creditor whose debt is accepted and who voted not to approve the Plan may object to the draft submitted to the Court within three (3) Business Days Business Days from the expiry of the period provided for in Paragraph 1 of this Article. The Court shall determine the objection within five (5) Business Days Business Days from the date the objection is filed. The Court's decision shall be final.
3. The Court shall issue its decision approving the Protective Composition Plan on an urgent basis, upon verifying all conditions, and may shorten the periods for payment of entitlements to any creditor who agrees to reduce its debt in the interest of the Protective Composition. The Court's decision shall be binding on all creditors.
4. The Court shall ascertain whether the Protective Composition Plan ensures that all the creditors who are affected by the plan shall receive not less than the amount they would have received if the Debtor's Assets were liquidated as of the date of voting on the Plan, as per the value of the Assets as estimated by the Court.

5. The Protective Composition Plan shall not affect the priority rights of secured debts as provided for in this Law.

Article (50)

1. If the Court refuses to approve the Protective Composition Plan, it may return the Plan to the trustee to amend and re-submit the it to the Court for approval within ten (10) Business Days; or the Court may order the commencement of bankruptcy procedures pursuant to the provisions of this Law.
2. Where the Court has decided to reject the Plan or call for amendment of the Plan, the Debtor or any of the creditors whose debt is finally accepted may file a grievance with the Court challenging such decision. The Court shall determine the grievance within ten (10) Business Days from the date the grievance is filed, and its decision in this regard shall be final.

Article (51)

1. The Debtor may present the creditors with an alternative security equivalent to any existing security. If the creditors refuse, the Court may allow replacement of the security where it considers that the value of the alternative security is not less than the value of the existing security, and the same is not detrimental to the interest of the said creditors.
2. The decision issued by the Court may be appealed before the competent court of appeal within five (5) Business Days. The appeal shall not stay the Protective Composition Procedure, and the decision issued in the appeal shall be considered final.

Article (52)

1. The trustee shall ensure that the sale of any of the Debtor's Assets to be sold pursuant to the Protective Composition Plan is made at the best achievable price in the market as of the date of sale. The trustee shall deposit in a bank account designated by the Court, an amount from the sale proceeds equivalent to the amount of the claims secured by the sale of the Assets.
2. Upon approval of the Protective Composition Plan, the trustee shall pay to the creditors, whose debts are secured by the Assets sold from the proceeds of

sale of such Assets in accordance with their order of priority pursuant to Paragraph 1 of this Article.

Article (53)

1. If the Court finds that any of the Debtor's Assets are essential to the continuation of the Debtor's Business, the Court may decide that such Assets shall not be disposed of without its approval; the Court's decision shall be for a specified period, not to exceed the duration of the Protective Composition Plan. If such Assets are secured, then the Court may replace the security in accordance with the provisions of this Law.
2. Any Interested Party may apply to the Court to invalidate any act that may have been committed in violation of Paragraph 1 of this Article, such application to be made within three (3) years from the date of the Court's decision or from the date the Protective Composition Plan is approved, whichever is later.

Article (54)

Within seven (7) Business Days from the date of the Court's approval of the Protective Composition Plan, the trustee shall register the Court's decision approving the Plan in the commercial or professional register, as the case may be, and shall publish the decision in two widely distributed local daily newspapers, one in Arabic and the other in English. The publication shall include a summary of the key conditions of the Composition, the name and residential address of the Debtor, the Debtor's registration number in the register and the date of approval of the plan.

Article (55)

1. The trustee shall supervise the implementation of the Protective Composition Plan throughout its duration.
2. The trustee shall:
 - a. Monitor the progress of the plan and report any default in its implementation to the Court;
 - b. Submit to the Court every three months a report on the progress of

implementation of the plan; and every creditor is entitled to receive a copy of the report.

3. If the trustee considers it necessary to make amendments to the Protective Composition Plan during its implementation and if such amendments would change the rights or duties of any party to it, the trustee shall apply to the Court for the approval thereof. The Court shall, prior to determination of the application, notify all the parties who voted on the Plan and any creditor the Court considers necessary within five (5) Business Days Business Days from the date of the trustee's application, to enable them to submit observations on the proposed amendments within ten (10) Business Days from the date of the notice. The Court may decide to permit the amendment in whole or in part or dismiss it.

Article (56)

Upon fulfillment of all obligations provided for in the Protective Composition Plan, the Court shall, upon request of the trustee, the Debtor or any Interested Party, issue a decision confirming the completion of the implementation of the Protective Composition Plan. The decision shall be published in two widely distributed local daily newspapers, one in Arabic and the other in English.

Article (57)

In the event of the death of the Debtor after the issuance of the Commencement Order, the heirs, or their representative, shall replace the Debtor in order to complete the Protective Composition Procedure.

Section Eleven

Nullification and Termination

Article (58)

If an investigation is commenced against the Debtor in relation to any of the crimes provided for in Chapter Six of this Law, or if a criminal claim is filed against the

Debtor in relation to such crimes after approval of the Protective Composition Plan, the Court that approved the Protective Composition Plan may decide, upon the request of any Interested Party, to take any measures that it deems appropriate to seize the Debtor's Assets. Such measures shall be canceled if the investigations are closed or if a judgment is issued acquitting the Debtor.

Article (59)

1. Any Interested Party may apply to nullify the Protective Composition Procedure within six (6) months from the date of commencement of the investigation provided for in Article (58); otherwise the application shall not be accepted. In any event, an application for nullification of the Protective Composition Procedure submitted after two (2) years from the date of the decision approving the Protective Composition Plan shall not be accepted.
2. The Protective Composition Procedure shall be nullified, if, after the approval of the Plan, a judgment is issued convicting the Debtor of one of the crimes provided for in Chapter Six of this Law, unless the Court decides otherwise in order to protect the creditors' interests.
3. Nullification of the Protective Composition Procedure shall discharge a bona fide guarantor who had guaranteed implementation of all or part of the Protective Composition Plan.

Article (60)

1. Any creditor may apply to the Court that approved the Protective Composition Plan for the termination thereof, where the Debtor has failed to carry out the terms of the plan; or in the event of the death of the Debtor; or where the implementation of the Plan is impossible for any reason.
2. Termination of the Protective Composition Plan shall not discharge a guarantor who has guaranteed performance of the conditions of the Plan. Such guarantor shall be required to attend the hearing at which the termination application is considered.

Article (61)

The Court may include in its judgment nullifying the Protective Composition

Procedure or terminating of the Protective Composition Plan an order to seal the Debtor's Assets, except for those assets which may not be attached by operation of law and any allowance payable to the Debtor and its dependents. The Court shall instruct the trustee within five (5) Business Days from the date of the judgment on nullification or termination to publish a summary of the judgment in two widely distributed local daily newspapers, one in Arabic and the other in English. The trustee shall carry out an updated inventory of the Debtor's Assets.

Article (62)

The Debtor's actions following the issuance of the decision to approve the Protective Composition Plan and prior to nullification or termination of the Composition or the Protective Composition Plan, shall be enforceable against the creditors. The creditors shall not claim that such actions are unenforceable except as provided in the Civil Transactions Law concerning the unenforceability of acts. Such claim shall not be heard after two (2) years of the date of nullification or termination of the Protective Composition or the Protective Composition Plan.

Article (63)

Nullification of the Protective Composition Procedure or termination of the Plan shall not oblige bona fide creditors to return the amounts received by them prior to the issuance of the nullification or termination judgment. The said amounts shall be deducted from their respective debts.

Section Twelve

Judgment Terminating the Protective Composition Procedure and Conversion to Declaration of Bankruptcy and Liquidation of the Debtor's Assets

Article (64)

Upon a judgment nullifying the Protective Composition Procedure or terminating the Protective Composition Plan, pursuant to the provisions of this Section, the Court shall issue a judgment terminating the Protective Composition Procedure and declaring bankruptcy and liquidation of the Debtor's Assets, pursuant to the

provisions of Section Twelve of Chapter Four of this Law.

Article (65)

The Court may decide of its own accord or upon the request of an Interested Party to terminate the Protective Composition Procedure and to convert it to a declaration of bankruptcy of the Debtor pursuant to the provisions of Chapter Four of this Law, in the following two cases:

1. Where it is proven that the Debtor has ceased payment for more than thirty (30) successive Business Days as a result of its distressed financial position, or where the Debtor is in a state of Over-indebtedness as at the date the Protective Composition Procedure is commenced or if the Court finds the same during the course of conducting the Protective Composition Plan.
2. Where the Protective Composition plan is impossible to implement and terminating the Protective Composition Procedure would result in a Cessation of Payment by the Debtor for more than thirty (30) successive Business Days as a result of the Debtor's distressed financial position, or the Debtor is in a state of Over-indebtedness.

Article (66)

If the Court orders the termination of the Protective Composition Procedure and declares the Debtor bankrupt and liquidates the Debtor's Assets pursuant to the provisions of Article (64) of this Law, or converts the Protective Composition Procedure pursuant to the provisions of Article (65) of this Law, the following shall result:

1. The appointment of the composition trustee shall be terminated, unless the Court decides to keep the appointed trustee as the trustee for the bankruptcy procedure and liquidation of the assets pursuant to Articles (82) and (126) of this Law.
2. The Court, having issued the decision to terminate the Protective Composition Procedure pursuant to Articles (64) and (65) shall carry on with the bankruptcy procedure and liquidation of the Debtor's Assets.

Chapter Four

Bankruptcy

Article (67)

The procedures in this Chapter shall regulate:

1. The restructuring of the Debtor, if possible, by assisting the Debtor to implement a plan to restructure the Debtor's Business.
2. The declaration of the Debtor's bankruptcy and carrying out a fair liquidation of the Debtor's Assets to cover the Debtor's Liabilities.

Section One

Application for Opening Bankruptcy Procedures

Article (68)

1. The Debtor shall apply to the Court to commence the procedures pursuant to the provisions of this Chapter, if the Debtor has ceased to make payment of the Debtor's Debts on their respective due dates for more than thirty (30) consecutive Business Days due to the Debtor's distressed financial condition, or if the Debtor is in a state of Over-indebtedness.
2. If the Debtor is governed by a Competent Supervisory Authority, the Debtor shall notify such Authority in writing of the Debtor's intention to file the application referred to in Paragraph 1 of this Article, at least fifteen (15) Business Days Business Days prior to the date of filing. The Competent Supervisory Authority is entitled to file any documents or pleadings with the Court concerning the application.

Article (69)

1. A creditor, or creditors, holding an ordinary debt in an amount of not less than one hundred thousand UAE dirhams (AED 100,000) may apply to the Court

to commence the procedures pursuant to this Chapter, if the creditor has previously given the Debtor a notice in writing demanding payment of the due debt and the Debtor failed to pay the same within (30) thirty successive Business Days from the date of such notice.

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

Article (70)

If any creditor reverses its demand for a payment due prior to opening the bankruptcy procedure, the Debtor shall not in this case be considered to have ceased payment concerning that payment.

Article (71)

If the Debtor is governed by a Competent Supervisory Authority, an application may be filed by such Authority with the Court pursuant to the provisions of this Chapter, provided that the Authority submits evidence proving that the Debtor is in a state of Over-indebtedness.

Article (72)

The Public Prosecution may, if it is in the public interest, apply to the Court to commence the bankruptcy procedures pursuant to the provisions of this Chapter, provided it establishes that the Debtor is in a state of Over-indebtedness.

Article (73)

1. The application submitted by the Debtor or the Competent Supervisory Authority to the Court shall set out the reasons for the application. The application shall be accompanied by the following documents:
 - a. A memorandum including a brief description of the Debtor's economic and financial position and information about the Debtor's Assets, in addition to a detailed account of the Debtor's employees.
 - b. A certified copy of the commercial, industrial or professional license of the Debtor and the Debtor's commercial register issued by the

competent authority in the Emirate.

- c. A copy of the accounting books or financial statements relating to the Debtor's Business for the year preceding the application.
 - d. A report including the following:
 - 1. The Debtor's cash flow and profit and loss projections for the twelve months following the filing of the application.
 - 2. Statement of the names of the known creditors and debtors with their addresses, the amounts of their respective entitlements or debts and the securities provided, if any.
 - 3. Detailed statement of the Debtor's movable and immovable Assets, and the estimated value of each asset as at the date of filing the application, and a statement of any securities or rights of third parties over the Assets.
 - e. The Debtor's nomination of a trustee, to be appointed to undertake the procedures pursuant to the provisions of this Law.
 - f. Where the applicant is a corporate entity, the application shall be accompanied by a copy of the resolution of the company's competent authority authorising the applicant to file the commencement application and copies of the incorporation documents of the company and any amendments thereto, as filed with the competent authority in the Emirate.
 - g. Any other documents supporting the filing of the application.
 - h. A report issued by the competent Credit Bureau Authority in the State
- 2. If the applicant fails to submit any of the details or documents required pursuant to Paragraph 1 of this Article, the applicant shall specify the reasons therefor in the application.
 - 3. If the Court considers that the documents submitted are insufficient to determine the application, it may grant the applicant an extension to provide the Court with any additional details or documents in support of the

application.

Article (74)

An application submitted to the Court by a creditor of the Debtor shall be accompanied by the following documents:

1. A copy of the notice referred to in Paragraph 1 of Article 69.
2. Any statements relating to the debt, including the amount of the debt and any available security.

Article (75)

1. If the Debtor is a company, the application may be submitted even if the company is in liquidation, or if a judgment is issued dissolving the company but it has nevertheless continued *de facto*.
2. Where a Debtor files an application to commence the bankruptcy procedures pursuant to Paragraph 1 of this Article, adjudication of any other applications seeking to liquidate the company or place it under receivership shall be stayed.

Article (76)

With the exception of applications filed by the Public Prosecution, the applicant shall deposit with the Court's treasury monies or a bank guarantee in an amount not exceeding twenty thousand UAE dirhams (AED 20,000) in the manner and on the date decided by the Court, to cover the initial expenses and costs for the determination of the application. However, the Court may defer the deposit or the Bank guarantee, if the applicant Debtor does not have the necessary cash to make such deposit at the date of filing the application.

Section Two

Determination of Application

Article (77)

1. To assist in the evaluation of the Debtor's status, the Court may decide to

appoint an expert from among those registered in the Experts' Panel, or otherwise if the Court does not find an expert with the required expertise on the Panel. In the same decision, the Court shall specify the duties and fees of the expert and the period within which the expert's report must be submitted, provided that such period shall not exceed ten (10) Business Days Business Days from the date of the expert's appointment.

2. The appointed expert shall prepare within the period specified by the Court a report on the Debtor's financial position, provided that the expert's opinion shall include a statement about the possibility of restructuring the Debtor and whether the Debtor's Assets are sufficient or insufficient to cover the restructuring costs.

Article (78)

1. The Court shall determine the application, without pleadings or arguments, within a period not exceeding five (5) Business Days Business Days from either the date the application is filed fulfilling all requirements or the date the expert's report is filed, as the case may be.
2. If the Court finds that the conditions required under this Chapter for commencement of the bankruptcy procedures are met, the Court shall accept the application and order the commencement of the procedures.

Article (79)

The Court shall dismiss the application where there is a failure to submit the documents and details required in Articles (73) and (74) of this Law, or if the same are submitted incomplete without an acceptable reason therefor; notwithstanding any shortcomings in the application, the Court in its discretion may decide to accept the application on conditions considered proper by the Court and subject to the interests of the creditors.

Article (80)

1. The Court may summon any person who may possess information relevant to the application. Such person shall provide the Court with any information it may reasonably require.

2. Where the assets of a natural or a juridical person are integrated with the Debtor's Assets in a manner that makes them difficult to separate, or if the Court considers that it would not be practical or feasible, from a cost standpoint, to open separate procedures concerning such persons, the Court may decide to join any natural or juridical person in the procedures provided for in this Chapter, in accordance with conditions that provide proper and sufficient protection for the creditors,
3. The joinder order issued by the Court may be appealed before the competent court of appeal. The appeal shall not stay the procedures. The decision issued in the appeal shall be final.

Article (81)

1. The Court considering the application shall decide, upon the request of any Interested Party or of its own accord, to take the necessary measures to maintain or manage the Debtor's Assets including sealing the premises of the Debtor's Business pending the determination of the application.
2. The Court may decide whether any such measures shall be continued, or decide to take additional provisional measures.

Section Three

Appointment of the Trustee and the Controller

Article (82)

1. If the Court decides to accept the application submitted pursuant to the provisions of this Chapter, it shall appoint a trustee from among the experts nominated pursuant to Paragraph 1 (E) of Article 73 or a natural or juridical person registered in the Experts' Panel, or another expert, if the Court does not find an expert with the required expertise on the Panel.
2. The Court may of its own accord or upon request of the Debtor or the controller, appoint more than one trustee provided that the number of the trustees appointed at any given time shall not exceed three (3).

3. Where more than one trustee is appointed, they shall perform their duties jointly and their decisions shall be taken by a majority vote. Where there is a tied vote, the matter shall be referred to the Court for determination. The Court may divide- the duties among the appointed trustees and determine the method of performance of their duties, whether jointly or severally.
4. If the Court appoints a juridical person as a trustee, such person may nominate one or more representatives who shall undertake the duties of the trustee, provided that such representative shall be registered in the Experts' Panel pursuant to this Law.
5. The Court may decide that the appointment of the trustee in the Protective Composition Procedure shall be continued and such trustee shall undertake the duties of the trustee pursuant to the provisions of this Chapter, and the Court may appoint other trustees, or remove any of them, pursuant to the provisions of this Chapter.
6. The Court shall notify the appointed trustee of its appointment, by not later than the Business Day following the date of the appointment.
7. The Debtor or any creditor may file a grievance against the Court decision appointing the trustee within five (5) Business Days Business Days from the date of publication pursuant to the provisions of Article (88) of this Law before the same competent Court, which shall issue its decision concerning the grievance within five (5) Business Days without pleadings. The Court's decision shall be final. The filing of the grievance shall not stay any of the procedures provided for in this Chapter.

Article (83)

The trustee appointed pursuant to the provisions of this Chapter may file with the Court any application that would assist the trustee in the performance of the assignment as required. This includes, without limitation, a request to appoint one or more experts from the Experts' Panel to assist the trustee in any matters within the scope of its specialization. The Court may appoint the expert other than from the Experts' Panel where necessary. The Court shall specify the mandate and fees of the expert upon the recommendation of the trustee.

Article (84)

Trustees or experts shall not be appointed from among the following persons:

1. A creditor of the Debtor.
2. The spouse, in-law or kin up to the fourth degree of the Debtor.
3. Any person against whom a final judgment is issued in a felony or in a misdemeanor of theft, embezzlement, deceit in commercial transaction, breach of trust, fraud, forgery, perjury, bribery or any misdemeanor which adversely affects the national economy or any of the crimes provided for in this Law, even if the person has been rehabilitated.
4. Any person who was, during the two (2) years preceding the commencement of the procedures, a partner, employee, auditor or agent of the Debtor.

Article (85)

1. Any trustee or expert appointed pursuant to the provisions of this Chapter shall be entitled to payment of their fees and expenses for the duties performed, and shall be paid from the Debtor's Assets known to the Court. A part of such fees and expenses may be paid on account.
2. If there are no known Assets of the Debtor or if such Assets are insufficient to cover the fees and expenses, the trustee or the expert may file an application with the chairman of the Court for payment of their entitlements from the Court's treasury. If payment of any such entitlements is made from the Court treasury as aforesaid, such amounts shall be paid back to the Court, as a priority over all other creditors, from the first amounts recovered from the Debtor's Assets.
3. Any Interested Party may file a grievance with the Court concerning the estimation of the fees and expenses of the trustee or expert appointed pursuant to the provisions of this Chapter. The grievance shall not stay the procedures. The Court shall determine the grievance within five (5) Business Days Business Days from the date the grievance is filed. The Court's decision shall be final.

Article (86)

1. The Court may at any time replace the trustee or any expert appointed pursuant to the provisions of this Chapter or may appoint additional trustees or experts as necessary. The Debtor may apply to the Court for the replacement of the trustee or the expert if it can be established that the continuation of their appointment may be detrimental to the interests of the creditors. The application shall not stay the procedures. The appointment of the replacement trustee or expert shall be in accordance with the same requirements and conditions for the appointments of the Trustee and Experts respectively under this Law. The outgoing trustee shall cooperate to the extent necessary to enable the replacement trustee to undertake its duties.
2. The trustee may apply to the Court to be discharged from the its duties and the Court may accept such application and appoint a replacement trustee. The Court may determine the fees of the trustee whose application is granted in accordance with the services performed by the trustee.

Article (87)

The Court shall appoint controllers whose appointment and duties shall be determined pursuant to the provisions of Chapter Three of this Law.

Section Four

Preparation of the List of Creditors

Article (88)

1. The Court shall notify the trustee of the appointment by no later than the Business Day following the issuance of the decision. At the time of the appointment, the Court shall provide the trustee with all the details available to it about the Debtor.
2. The trustee shall, within five (5) Business Days from the date of receiving notice of the appointment:
 - a. Publish a summary of the decision to commence the procedures in two

widely distributed daily newspapers, one in Arabic and the other in English. The publication shall invite the creditors to submit their claims and supporting documents to the trustee within twenty (20) Business Days from the publication date.

- b. Notify all the creditors with known addresses to provide their claims and supporting documents within twenty (20) Business Days from the date of publication of the summary of the decision to commence the procedures.
3. Within the timeframe specified by the trustee, the Debtor shall provide the trustee with any additional details, which were not submitted to the Court, about any creditors and the amounts of any Debts, with the details of any contracts in progress and any pending or current court proceedings to which the Debtor is a party.

Article (89)

1. The trustee shall prepare a register in which all the creditors of the Debtor known to the trustee shall be entered, and the trustee shall submit a copy of the updated register to the Court.
2. The trustee shall enter into the register:
 - a. The address of every creditor, the amount of each creditor's claim and the due date thereof.
 - b. The identification of the creditors who hold secured debts, with the details of the securities allocated for each of them and the estimated amount of such securities in case of foreclosure.
 - c. Any set-off application submitted pursuant to the provisions of Section Five of Chapter Five of this Law.
 - d. Any other details that may be considered necessary by the trustee for the performance of its duties.

Article (90)

1. The trustee may request any person who has any details or information relating to the Debtor's Assets or the Debtor's Business to provide such information or details.
2. Any person who has information on the Debtor's Assets or the Debtor's Business shall provide the information reasonably requested, including any documents and books of account relating to the Debtor. The trustee shall keep confidential any information relating to the Debtor if disclosure of such information may be detrimental to the value of the Debtor's Assets and shall not disclose any such information outside the restructuring framework.
3. If such person refuses to cooperate with the trustee in providing the necessary information, the matter shall be referred by the trustee to the Court for determination of the nature and extent of the information that may be required and to oblige such person to provide the trustee with the required information.

Article (91)

1. All creditors, even those who hold debts not yet due or unsecured debts which are not established by final judgments, shall deliver to the trustee within the timeframe specified in the invitation issued pursuant to Article (88), a statement of their debts, their due dates, any security and the amounts denominated in the National Currency on the basis of the Exchange Rate prevailing at the date of the decision supporting documents.
2. The trustee may require a creditor who submits a claim to provide clarifications on the debt or to complete its documents or to specify its amount or description. The trustee may also require certification of any claims by the creditor's auditor or accountant.

Article (92)

A creditor who receives payment on account of a claim from the Debtor's guarantors shall deduct the amount received from any claim submitted to the trustee. A guarantor of the Debtor may submit claims to the trustee for the amount paid in repayment of the Debtor's debt.

Article (93)

1. The trustee shall, at the end of the period specified in Article (88), establish a list of the names of creditors who submitted their claims with a statement of the amount of each debt separately and the documents supporting the debt and the securities securing the debt, if any, and anything the trustee considers proper concerning acceptance, amendment or dismissal of the debt and proposals concerning the means of payment of the same, if possible. The trustee shall deposit the said list with the Court within ten (10) Business Days from the date of expiry of the term specified for the creditors to submit their claims. When necessary, the said term may be extended once for a similar term by decision of the Court.
2. The trustee shall, within three (3) Business Days of depositing the list with the Court, publish a list of the debts with a statement of the amounts considered acceptable for each debt, in two widely distributed local daily newspapers, one in Arabic and the other in English.
3. Any debts payable to the Government on account of taxes or fees, of whatever type, shall be accepted debts without the need for the trustee to audit those debts.

Article (94)

1. The Debtor and any creditor, whether listed in the list of debts or not, may file a grievance with the Court against the claims listed therein within seven (7) Business Days from the date of publication of the list in the newspapers.
2. The Court shall determine the grievance submitted pursuant to Paragraph 1 of this Article within ten (10) Business Days from the date of submission thereof.
3. The decision issued by the Court may be appealed before the competent court of appeal. The appeal shall not stay the procedures. The decision issued in the appeal shall be final.
4. The Court may, prior to determination of the grievance, decide to accept the debt provisionally in an amount estimated by the Court, and shall notify the trustee of such a decision.

5. The debt shall not be accepted on a provisional basis if a criminal claim is filed concerning it.
6. If the grievance relates to securities for the debt, it shall be provisionally accepted as an ordinary debt.
7. The share of the provisionally accepted debt shall be reserved from the proceeds of sale of the Debtor's Assets and on making any distribution to the creditors pursuant to this Law. If the Court decides not to recognize the provisionally accepted debt or if the said debt is reduced, the reserved share shall be returned in proportion to its percentage to the general security of Creditors.
8. The Court shall approve a list of the creditors whose debts are accepted, whether finally or provisionally.

Article (95)

A Creditor who fails to submit the documents in support of the creditor's debts within the period specified in Article (88) of this Law, may submit such documents to the trustee for acceptance of the documents supporting the debt and to allow the creditor's participation in the procedures, for valid reasons. The trustee's approval of the same shall be approved by the Court. If the trustee rejects the said application or if he fails to reply within three (3) Business Days from the date of the application, the creditor may apply to the Court to accept the submission of the documents supporting the debt. The Court shall consider the application promptly after consulting with the trustee and shall issue its decision within seven (7) Business Days from the date of filing the application. If the Court orders that the debt is to be accepted, it may instruct the trustee to submit a report on the impact of the new debt on the draft plan and to submit the result to the Court for approval. However, the procedures provided for in this clause shall not stay the restructuring procedures⁵, the Declaration of Bankruptcy or liquidation of Assets, as the case may be, as provided for in this Clause.

⁵ Hereinafter referred to as "Restructuring Procedures"

Section Five

Trustee's Report

Article (96)

The trustee shall prepare a report on the Debtor's Business and shall submit a copy of the same to the Court within the timeframe specified by the Court in accordance with and including the following:

1. An evaluation of the possibility of restructuring of the Debtor's Business and whether a restructuring plan should be submitted to the creditors of the Debtor. In this case, the report shall be accompanied by a statement showing the Debtor's willingness to continue with the business.
2. An evaluation of the possibility of the sale of the Debtor's Business in whole or in part as a "going concern, in the case of a declaration of the bankruptcy of the Debtor and liquidation of the Debtor's Assets.

Article (97)

1. The Court shall review the trustee's report within ten (10) Business Days from the date of submission of the report to the Court, to verify that the report includes all claims.
2. The term provided for in Paragraph 1 of this Article shall be interrupted if the Court instructs the trustee during the said term to make any amendments to the report, and the trustee shall make such changes within ten (10) Business Days from the date of receiving notice of the Court's request. This term shall be renewable once for the same term by decision of the Court.
3. The trustee shall provide the creditors whose debts are finally or provisionally accepted with a copy of the report within three (3) Business Days from the expiry of the term provided for in Paragraph 2 of this Article, for submission of their comments on the report.

Section Six

Determination of the Report

Article (98)

1. The Court shall instruct the trustee to invite the Debtor, the creditors whose debts are finally or provisionally accepted and any controller appointed, to attend one or more hearings for consideration of the report, within ten (10) business days following the term provided for in Paragraph 3 of this Article.
2. The invitation shall be made by publication in two widely distributed local daily newspapers, one in Arabic and the other in English. The Court may, in addition, instruct the trustee to send the invitation by all known methods of communication.
3. Unless the Court issues a judgment on the Declaration of Bankruptcy and the liquidation of the Assets of the Debtor pursuant to the provisions of Section Twelve of this Chapter, the Court may decide to proceed with the restructuring and instruct the trustee to prepare a plan for the restructuring of the Debtor's Business pursuant to Section Seven of this Chapter⁶.
4. The Court shall not decide to prepare a Restructuring Plan for the Debtor's Business unless the Debtor expresses its willingness to continue the business and it appears to the Court, based on the documents and details available, and upon hearing the Trustee's statement that it is possible for the Debtor's business to be profitable again within a reasonable period of time, given the volume and nature of the Debtor's Business and the amount of the Debtor's indebtedness.
5. The trustee shall publish the Court's decision to proceed with the procedures within five (5) Business Days from the date of issuance of the decision in two widely distributed local daily newspapers, one in Arabic and the other in English.

⁶ Hereinafter referred to as the "Restructuring Plan"

Section Seven

The Restructuring Procedure

Article (99)

If the Court issues a decision to proceed with the Restructuring Procedure, the appointed trustee shall, with the assistance of the Debtor, prepare, develop and submit a draft Restructuring Plan to the Court within three (3) months from the date of the decision. The Court may extend this term upon the request of the trustee one or more times, provided that the total extensions shall not exceed three (3) additional months.

Article (100)

The trustee shall notify the Court on a regular basis and at least once every twenty-one (21) Business Days of the progress on the preparation of the draft Restructuring Plan.

Article (101)

1. The trustee shall deposit with the Court a copy of the draft Restructuring Plan, accompanied by a summary thereof, that shows the likelihood of such draft plan being accepted by the Debtor's creditors and the feasibility of inviting the creditors for a meeting to consider the draft Plan.
2. The draft Restructuring Plan shall include the following:
 - a. The extent to which the Debtor's Business is likely to become profitable again.
 - b. The activities of the Debtor which must be suspended or terminated.
 - c. The terms and conditions for the settlement of any liabilities
 - d. Any security or performance bond for proper execution of the Plan that may be required to be submitted by the Debtor, if any.
 - e. Any offer for the purchase of all or part of the Debtor's Business.
 - f. Grace periods and discounts on payment.

- g. The possibility of conversion of the debt into shares in the capital of any enterprise.
 - h. The possibility of consolidation, construction, release, sale or replacement of any guarantees, if necessary, for implementation of the draft plan.
 - i. A proposal for the terms of payment of the entirety of the Debtor's Debts.
3. The trustee shall include in the draft Restructuring Plan any other things that the trustee may consider appropriate and feasible for the implementation of the plan.

Article (102)

The Restructuring Plan shall include a time schedule for the implementation of the plan which shall not exceed five (5) years from the date of approval of the Plan by the Court. The said term may be extended for not more than three (3) further years with the approval of a majority of the creditors holding two thirds of the debts which were not paid pursuant to the Plan and any amendments thereto.

Article (103)

1. The Court shall, within ten (10) Business Days from the date of submission of the draft Restructuring Plan, review the draft Plan to ensure that it takes into consideration the interests of all parties. The Court may instruct the trustee during the said term to make any necessary amendments to the draft Plan and to return it to the Court within five (5) Business Days from the date of notice of the Court's decision. The said term shall be renewable for the same period.
2. The Court shall within five (5) Business Days from the date of submission or resubmission of the draft Plan to the Court, as the case may be, instruct the trustee to issue within five (5) Business Days, invitations to the creditors to attend a meeting to discuss and vote on the draft Restructuring Plan. The trustee shall provide the creditors whose debts are accepted with a copy of the draft Restructuring Plan.

3. The invitation to the meeting referred to in Paragraph 2 of this Article shall be published in two widely distributed local daily newspapers, one in Arabic and the other in English. The invitation shall specify the place, date and time of the meeting. The Court may in addition instruct the trustee to send the invitation to the meeting by all available methods of communication.
4. The meeting shall be held not less than three (3) and not more than fifteen (15) Business Days after the date of the publication of the invitation, as the Court may consider appropriate and proper in the interest of the Restructuring Procedure .
5. The Court may instruct the trustee to invite the creditors for other meetings using the same procedure provided for in this Article, taking into consideration the number of the creditors known to it and any other circumstances relevant to hold such meetings.
6. If the Debtor is governed by a Competent Supervisory Authority, the Court shall invite such Authority to attend the meetings.

Section Eight

Creditors' Committees

Article (104)

1. The Court may, after consultation with the trustee, issue a decision to establish one or more committees of creditors holding ordinary debts and one or more committees of creditors holding secured debts. The Court may also form one or more committees of holders of bonds or Sukuk for the purposes of discussing the plan and proposing any amendments to it at the meetings organized pursuant to Article (103).
2. A committee may select a representative from among the creditors or their legal and financial consultants and may specify the matters delegated to such representative pursuant to this Law.

3. All communications relating to the meetings and the minutes and procedures shall be sent to the representative of each committee. The representative shall be responsible for notifying the Creditors in its committee.
4. The Court may, upon recommendation of the trustee, restrict the powers of the selected representative or discharge the representative from its duties, if the Court considers that the powers granted to the representative are too broad and are detrimental to all the creditors or to the creditors represented by the committee.
5. The Court may reform any of the committees referred to in Paragraph 1 of this Article, if it considers the same to be necessary.
6. The committees formed under the provisions of this Article shall be treated equally.

Article (105)

1. The trustee and the Debtor shall submit an explanation of the terms of the draft Restructuring Plan, at the meetings held for the purpose of discussing the Plan.
2. Any creditor may propose amendments to the draft Restructuring Plan at the meetings held to vote on the Plan. The committee to which the amendment is proposed and any other committees which may be affected by the proposed amendment shall provide their input on such amendments.
3. The Court may invite the creditors who may be affected by the proposed amendments to additional meetings to consider such amendments, and the Court may decide to approve or dismiss any of the proposed amendments during the approval process of the draft Restructuring Plan, in accordance with the provisions of Section Nine of this Chapter.

Article (106)

1. The right to vote on the draft Restructuring Plan shall be limited to the ordinary creditors whose debts are finally accepted.
2. Secured creditors shall not vote on the Restructuring Plan based on their secured debts unless they explicitly waive their securities. Such waiver shall

be recorded in the minutes of the meeting and shall be enforceable only if the Restructuring Plan is approved. If the Restructuring Plan is rejected, the waived security shall be reinstated.

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

Article (107)

1. The draft Restructuring Plan shall be approved by a majority vote of the creditors whose debts are finally accepted or provisionally accepted and permitted to vote, provided that such majority holds in the aggregate at least two thirds of the accepted value of the total ordinary debts.
2. If the majority referred to in Paragraph 1 of this Article is not realised, the meeting shall be adjourned for seven (7) Business Days.
3. Failure to realise the required majority vote after the adjournment pursuant to Paragraph 2 of this Article shall be considered a rejection of the Restructuring Plan.
4. The creditors who attended or were represented at the first meeting and who voted to approve the Restructuring Plan are not required to attend the second meeting, in which case their approval of the Restructuring Plan at the first meeting shall stand and shall be enforceable and counted in the quorum at the second meeting, unless they attend the second meeting and change their previous approval, or an amendment is made to the Restructuring Plan.
5. Minutes of the meeting held to vote on the Restructuring Plan shall be prepared to record the proceedings which shall be signed by the restructuring trustee, the Debtor and the creditors who are present and permitted to vote. In the case of a refusal by any of them to sign the minutes, the name of such person shall be mentioned in the minutes together with the reason for such refusal.
6. All creditors who participated in voting on the draft Restructuring Plan shall

provide the restructuring trustee with their addresses for service of notices on them, including the addresses for service by electronic methods. Service of notice by such methods shall be legally enforceable for all subsequent procedures.

7. The terms of the Restructuring Plan shall be enforceable against the creditors who voted to reject the Plan.

Section Nine

Approval of the Restructuring Plan

Article (108)

1. The trustee shall, within three (3) Business Days from the date of the meeting at which the Restructuring Plan is approved by the required majority, present a draft of the Plan to the Court for issuance of a decision approving or rejecting the Plan.
2. Any creditor whose debt is accepted and who did not vote to approve the Plan may object to the draft submitted to the Court within three (3) Business Days from the expiry of the period specified in Paragraph 1 of this Article. The Court shall determine the objection within five (5) Business Days from the date the objection is filed. The Court's decision shall be final.
3. The Court shall issue its decision to approve the Restructuring Plan on an urgent basis upon verifying all the conditions, and may shorten the periods specified for payment of the entitlements of the creditors who agree to reduce their debts in the interest of the Restructuring Plan. The Court's decision shall be binding on all the creditors at the meetings of the creditors' committees.
4. The Court shall ensure that all the creditors who are affected by the Restructuring Plan shall not receive less than the amount they would have received if the Debtor's Assets had been liquidated as at the date of voting on the plan, based on the Court's estimated value of the Debtor's Assets.
5. The Restructuring Plan shall not affect the priority rights established for

secured debts as provided in this Law.

Article (109)

1. If the Court refuses to approve the Restructuring Plan, the Court may return the plan to the trustee requesting the amendment thereof; the trustee shall present the amended plan to the Court for approval within ten (10) Business Days from the date of rejection of the plan. Alternatively, the Court may decide to commence the procedures for a declaration of the bankruptcy of the Debtor, pursuant to this Law.
2. The Debtor or any creditor whose debt is finally accepted may file a grievance with the Court against its decision rejecting the Plan or amendment of the Plan. The Court shall determine the grievance within (10) Business Days from the date the grievance is filed. The Court's decision shall be final.

Article (110)

1. The trustee shall ensure that the sale of any of the Debtor's Assets to be sold pursuant to the Restructuring Plan is made at the best price that can be achieved in the market as at the date of sale. The trustee shall deposit the portion of the sale proceeds allocable for the payment of the claims under the plan in a bank account designated by the Court.
2. The trustee shall pay from the proceeds of sale of the Debtor's Assets, sold pursuant to Paragraph 1 of this Article, the creditors whose debts were secured on the respective due dates of the debts, in accordance with their order of priority.

Article (111)

1. The trustee or the Debtor may offer to the creditors an alternative security equivalent to the existing security. In the event the creditors refuse such offer, the Court may nevertheless decide to replace the security, if the Court believes that the value of the substitute security is not less than the value of the existing security and that the same is not detrimental to the interest of the creditors who are offered the alternative security.
2. The decision issued by the Court regarding the foregoing may be appealed

before the competent court of appeal within five (5) Business Days from the date of the Court's decision. The appeal shall not result in a stay of the procedures. The decision issued in the appeal shall be final.

Article (112)

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

Section Ten

Publication and Implementation of the Approved Restructuring Plan

Article (113)

The trustee shall, within seven (7) Business Days from the date of approval by the Court of the Restructuring Plan, register the Court's decision approving the plan in the commercial or professional register, as the case may be, and shall publish the decision in two widely distributed local daily newspapers, one in Arabic and the other in English. The publication shall include a summary of the key conditions of the Restructuring Plan, the name and residential address of the Debtor, the number of the Debtor's registration in the commercial register or the professional register and the date of the approval of the plan.

Article (114)

1. The trustee shall supervise the implementation of the Restructuring Plan during its term.
2. The trustee shall:
 - a. Monitor the progress of the plan and report any default in its implementation to the Court; and
 - b. Submit a report to the Court on the progress of the implementation of the plan every three (3) months, and provide every creditor with a copy of the report.
3. If the trustee considers that it is necessary to make any amendments to the Restructuring Plan during its implementation and if such amendments would result in a change in the rights or duties of any party to the plan, the trustee shall apply to the Court for approval of such amendments. The Court shall, prior to determination of the application, notify all the parties who participated in voting on the plan and any creditor the Court considers that it is necessary to notify, within five (5) Business Days from the date of the Trustee's application inviting their comments on the proposed amendments within ten (10) Business Days from the date of the notice. The Court may issue a decision permitting the amendment in whole or in part or rejecting the amendment.

Article (115)

Upon the fulfillment of all the obligations provided for in the Restructuring Plan, the Court shall, upon the request of the trustee, the Debtor or any Interested Party, issue a decision confirming completion of the implementation of the Restructuring Plan and the conclusion of the Debtor's Restructuring Procedures. The decision shall be published in two widely distributed local daily newspapers, one in Arabic and the other in English.

Section Eleven

Nullification and Termination

Article (116)

If an investigation is commenced against the Debtor in relation to any of the crimes provided for in Chapter Six of this Law, or if a criminal claim is filed against the Debtor in relation to such crimes after the approval of the Restructuring Plan, the Court that approved the Plan may decide, upon the request of any Interested Party, to take any measures it deems appropriate to seize the Debtor's Assets. Such measures shall be canceled if the investigations are closed or if a judgment is issued acquitting the Debtor.

Article (117)

1. Any Interested Party may apply to nullify the restructuring procedures within six (6) months from the date of the commencement of the investigations referred to in Article (116) of this Law; otherwise the application shall not be accepted. In any event, an application for nullification of the restructuring procedures that is submitted two years or more after the date of the decision approving the Restructuring Plan shall not be accepted.
2. The restructuring procedures shall be nullified if, after the approval of the plan, a judgment is issued convicting the Debtor of one of the crimes provided for in Chapter Six of this Law, unless the Court decides otherwise in order to protect the creditors' interests.
3. Nullification of the restructuring procedures shall discharge a bona fide guarantor who guaranteed implementation of all or part of the plan.

Article (118)

1. Any Interested Party may apply to the Court that approved the Restructuring Plan for termination of the restructuring plan where the Debtor has failed to carry out the conditions of the plan or in the event of the death of the Debtor or where it is impossible to perform the plan for any reason.
2. Termination of the restructuring plan shall not discharge a guarantor who has

guaranteed the performance of the conditions of the plan. Such guarantor shall be required to attend the hearing at which the termination application is considered.

Article (119)

The Court may include in its judgment nullifying the restructuring procedures or terminating the restructuring plan, an order to seal the Debtor's Assets, except for those Assets which may not be attached by operation of law and any allowance payable to the Debtor and the Debtor's dependents. The Court shall instruct the trustee within five (5) Business Days from the date of the judgment for nullification or termination to publish a summary of the said judgment in two widely distributed local daily newspapers, one in Arabic and the other in English. The trustee shall carry out an updated inventory of the Debtor's Assets.

Article (120)

If the Court rules on the nullification of the restructuring procedures or termination of the restructuring plan, the trustee shall invite new creditors to submit documents in support of their debts for verification pursuant to the debt verification procedures. Debts which have already been accepted are not required to be verified again. The trustee shall exclude the debts which have been fully settled and shall reduce the debts which were settled in part to the extent of such part.

Article (121)

The Debtor's actions, following the issuance of the decision to approve the Restructuring Plan and prior to the nullification of the procedures or termination of the restructuring plan, shall be enforceable against the creditors, who shall not claim that such acts are unenforceable except as provided for in the Civil Transactions Law concerning unenforceability of acts lawsuit. Such lawsuit shall not be heard after two years of the date of nullification of the restructuring procedures or termination of the restructuring plan.

Article (122)

Nullification of the restructuring procedures or termination of the restructuring plan shall not result in the creditors being held liable to return the amounts of any debts

received by them prior to the issuance of the nullification or termination judgment. Such amounts shall be deducted from their respective debts.

Article (123)

If the Debtor dies, the Court may, upon the request of any Interested Party, decide to terminate the restructuring procedures, after hearing the trustee's opinion and taking into consideration the Creditor's interests. If so, the Court shall, in the same judgment, declare the deceased Debtor bankrupt and order the liquidation of the Debtor's Assets, subject to the provisions of Article (150).

Section Twelve

Judgment on Declaration of Bankruptcy and Liquidation

Article (124)

The Court shall issue a judgment declaring the Debtor bankrupt and ordering the liquidation of the Debtor's Assets in any of the following cases:

1. If the Court orders the termination of the Protective Composition Procedure pursuant to the provisions of Article (64) of this Law.
2. If the Debtor was the applicant and acted in bad faith or if the application is intended to delay payment of or evade the Debtor's Debts.
3. If the restructuring procedures are inconvenient for the Debtor, pursuant to the statements and documents submitted with the application or the report prepared by the expert pursuant to the provisions of Article (77) of this Law, or the trustee's report prepared pursuant to Article (96), confirming the impossibility of restructuring.
5. Where there has been a failure to achieve the majority provided for in Article (107) of this Law.
6. If the Court decides to dismiss the Restructuring Plan pursuant to Article (109) of this Law.
7. If a judgment is issued nullifying the procedures or terminating the

Restructuring Plan pursuant to the provisions of Articles (117) and (118) of this Law.

Article (125)

The Court shall issue a judgment against the Debtor who is declared bankrupt and restrict the Debtor from participating in the management of any company or carrying out any commercial transaction, where the Debtor has breached the obligation provided for in Article (68) of this Law, and if it is established that the Debtor's own acts or omissions have resulted in the declaration of bankruptcy and the liquidation of the Debtor's Assets. Such restriction shall be for a term not exceeding the date of the Debtor's rehabilitation pursuant to this Law.

Article (126)

If the Court orders that the Declaration of Bankruptcy of the Debtor and the liquidation of the Debtor's Assets shall proceed, the Court shall appoint in its judgment a trustee who shall undertake the bankruptcy and liquidation of the Debtor's Assets. In appointing the trustee, the Court may order the continuation of the work of any trustee or controller previously appointed in the process of the restructuring or the Protective Composition.

Article (127)

The Court may reduce the timeframes specified in this Section, in cases where the Court considers the reduction appropriate and proper.

Article (128)

The trustee shall, within three (3) Business Days from the date of issuance of the judgment declaring the bankruptcy of the Debtor and the liquidation of the Debtor's Assets, publish the judgment in two widely distributed local daily newspapers, one in Arabic and the other in English.

Article (129)

1. The trustee shall instruct the creditors to submit any final claims which have not been previously submitted, provided that such claims shall be submitted within ten (10) Business Days from the date of publication of the judgment.

Any claims received after the said date shall not be considered, except for a reason acceptable to the Court.

2. Claims which have been dismissed by the Court pursuant to the provisions of this Chapter shall not be considered.

Article (130)

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

Article (131)

The Court may permit the Debtor, upon the request and under the supervision of the trustee to carry on all or any of Debtor's Business for the purpose of selling of such business at the best prices possible, provided that the term of such permission shall not exceed six (6) months from the date of granting the permission, and it shall be renewable for a further two (2) months, if such continuation is in the best interest of the creditors or in the public interest.

Article (132)

1. The Trustee shall liquidate all of the Debtor's Assets with the exception of the Assets that may be kept pursuant to the provisions of this Law.
2. If the Debtor inherits Assets, or if those Assets devolve to it for any reason, during the bankruptcy procedures, it shall disclose the same and the trustee shall liquidate those Debtor's Assets.
3. The trustee shall sell the Debtor's Assets by auction upon the approval and under the supervision and control of the Court.
4. The Court shall permit the trustee to sell all or any of the Debtor's Assets other than by auction, in accordance with the conditions specified by the Court.
5. The trustee shall utilise the proceeds of the liquidation of the Debtor's Assets towards payment of any claims against the Debtor under the supervision of the Court, and shall deliver any surplus to the Debtor.

Article (133)

All communications concerning the Debtor's Business shall, during the procedures for the declaration of bankruptcy, a note stating that the Debtor is subject to the formalities of a declaration of bankruptcy and liquidation of Assets.

Article (134)

1. The trustee shall notify the Court and the Debtor on a monthly basis of the progress of the bankruptcy and liquidation.
2. The trustee shall report to the Court, the Debtor and the controllers the contents of any proposals received by the Debtor for the sale of all or any of the Debtor's Business. The Court shall urgently determine any objection to the sale conditions filed by any Interested Party. The Court's decision shall be final.

Article (135)

1. Upon issuance of a judgment declaring the bankruptcy of the Debtor and the liquidation of the Debtor's Assets, the time limits of all debts of the bankrupt Debtor, whether they were ordinary debts or debts secured by lien, shall lapse.
2. The Court may deduct from a deferred debt for which no interest is provided, an amount equivalent to the legal interest from the date of the Court's judgment to proceed to declare bankruptcy and the liquidation of the Assets to the due date of the debt.
3. Unless otherwise agreed, if the claim amount is denominated in a foreign currency, the claim amount shall be converted into the National Currency at the prevailing Exchange Rate as of the date of issuance of the judgment declaring bankruptcy and the liquidation of Assets.

Article (136)

1. The following persons shall not, directly or through an agent, purchase or submit an offer for purchase of all or any of the Debtor's Assets offered for sale pursuant to the provisions of Article (131) of this Law:

- a. The Debtor.
 - b. The Debtor's spouse, in-laws or kin up to the fourth degree.
 - c. Any person who was, within the two (2) years preceding the date of issuance of the judgment declaring the bankruptcy of the Debtor and the liquidation of the Debtor's Assets, a partner, employee, accountant or agent of the Debtor.
 - d. Any person who undertakes or who undertook the duties of a controller after the commencement of the bankruptcy procedures.
2. As an exception to Paragraph 1 of this Article, the persons referred to in Paragraphs b, c, d of this Article may purchase the Debtor's Assets upon obtaining approval from the Court, if such purchase is in the interest of the creditors.

Article (137)

1. Subject to any claims before the Court, the trustee shall distribute the liquidation proceeds according to the priority among creditors, as provided by Section Six of Chapter Five of this Law, upon approval of the Court.
2. The trustee shall distribute the proceeds of the liquidation following every sale transaction or following collection of the funds resulting from all of the sale transactions.
3. The trustee shall, after every sale transaction, submit a distribution list to the Court for approval.
4. Unless otherwise agreed between the trustee and the creditors, a creditor shall receive the its share from the distribution proceeds at the place where the trustee performs its duties.
5. Provisions for the debts which are not finally accepted and those which are objected to, pursuant to this Law, shall be set aside and shall be kept in the Court treasury pending final adjudication of the same.
6. The creditor whose debt is secured shall be paid the proceeds of the sale of the Assets securing the debt. If the value of the encumbered Assets is

insufficient to pay the full amount of the debt secured by mortgage or lien, the outstanding balance of the debt shall be ranked as an ordinary debt.

7. Upon liquidation and the settlement of all the Debtor's Debts and liabilities, the Trustee shall reimburse to the Debtor any surplus.

Article (138)

1. Upon the completion of the final distribution of the Debtor's Assets to the creditors, the Court shall issue a decision to close all of the procedures including the list of the creditors whose debts are accepted and the amounts thereof and the debts which were not settled, and shall instruct the trustee to publish that decision in two widely distributed local daily newspapers, one in Arabic and the other in English.
2. Upon completion of the procedures and performance of the trustee's duties, the trustee shall return to the Debtor all the documents in the trustee's 's custody.
3. The procedures to declare bankruptcy and the liquidation of Assets may be terminated upon the Debtor's request if the reasons that led to the declaration of the bankruptcy of the Debtor and the liquidation of the Debtor's Assets no longer exist.
4. Upon closing the procedures declaring bankruptcy and liquidation of the Debtor's Assets, every creditor whose debt was accepted but not repaid in full may execute against the Debtor's Assets to recover the outstanding balances of their respective debts. Acceptance of the debt referred to in Paragraph 1 of this Article shall be considered a final judgment concerning such execution.

Section Thirteen

Provisions Relating to Bankruptcy of Companies

Article (139)

The bankruptcy of companies shall be governed, in addition to the provisions of this Chapter, by the provisions of Articles (172) and (173) of Chapter Five of this Law.

Article (140)

Upon the issuance of the judgment declaring bankruptcy, a company shall not be liquidated outside the framework of this Law and shall not be placed under receivership.

Article (141)

1. A creditor of a company may apply for an order declaring the company's bankruptcy even if the creditor is a partner in the company. However, partners who are not creditors may not, in their individual capacity, apply for bankruptcy of the company.
2. The Court may, of its own accord or upon the request of the Debtor company or the Competent Supervisory Authority, defer the declaration of bankruptcy of such company for not more than one (1) year if there is a reasonable possibility to support its financial position and it is in the interest of the national economy to do so. In this case, the Court shall determine the proper measures to preserve the company's Assets.

Article (142)

1. If a judgment is issued declaring the company's bankruptcy and the liquidation of its Assets, all the joint partners in the company shall also be declared bankrupt. A declaration of bankruptcy shall include any joint partner who withdrew from the company after the company ceased payment of its debts, except a joint partner who withdrew from the company more than one (1) year prior to the declaration of bankruptcy, as demonstrated by the recorded entry of the withdrawal from the company in the commercial register.
2. The Court shall issue a judgment declaring the bankruptcy of the joint partners of the company even if the Court does not have jurisdiction to declare the bankruptcy of such partners.
3. The Court shall appoint, in addition to the trustee appointed pursuant to the provisions of this Law for the bankruptcy procedures of the company, one or more secretaries for the joint partners in the company. The procedures of their

bankruptcy shall be independent in terms of their management, the realization of debts and completion.

Article (143)

If the Court issues a judgment declaring the bankruptcy of the company, the Court may also, of its own accord or upon the request of any Interested Party, issue a judgment declaring the bankruptcy of every person who performed commercial business in its own name for that person's own account and who disposed of the company's Assets as if they were that person's own property.

Article (144)

If it is found that the company's Assets are insufficient to settle at least twenty percent (20%) of its debts, the Court that declared the bankruptcy may order all or any of the members of the board of directors or the managers, whether jointly or severally, to pay all or any of the company's debts, where their respective liability for the losses of the company is established pursuant to the provisions of the UAE Commercial Companies Law.

Article (145)

The legal representative of a company that has been declared bankrupt shall represent the company within the scope of the representative's powers in every matter in which the opinion of the company or the presence of its legal representative is required by law. The company's representative shall appear before the Court or the trustee when required and shall give any information or clarifications that the representative may be requested to give.

Article (146)

The Court may, upon request of the trustee, instruct the partners or shareholders of the company to pay the outstanding amounts of their respective shares, capital or stock, even if such amount is not due. The Court may decide to limit this claim to the amount necessary to settle the debts of the company.

Article (147)

1. If a judgment is issued declaring bankruptcy, the Court may order the

members of the board of directors or the managers, or the persons responsible for working on the liquidation in liquidation procedures that unfolded outside the framework of this Law, to settle the amount covering the Debtor's debts, if it is established that any one of them committed any of the following acts within the two (2) years following the date of the opening of the procedures pursuant to this Chapter:

- a. Use of commercial methods without considering their risks, such as disposal of goods at lower rates than their market value for the purpose of receiving funds in order to avoid or delay commencement of bankruptcy procedures.
 - b. Entering into transactions with third parties for the disposition of assets without consideration or for insufficient consideration, without a confirmed benefit or a benefit that is disproportionate to the Debtor's Assets.
 - c. Settlement of the debts of any creditors with the intent to cause harm to other creditors, during the term of cessation of payments of the company's debts or sustaining debit account status (where the debtor is in a state of Over-indebtedness).
2. The Court shall not issue a judgment provided for in this Article (147), if it is convinced that the natural or juridical person has taken all the precautionary measures possible to minimize the potential losses to the Debtor's Assets and to creditors.
 3. The liability for the acts provided for in this Article shall be discharged, if it is established that the members of the board of directors of any entity or the manager or the person responsible for the liquidation did not commit the acts provided for in this Article, or if it is established that they expressed their reservation on the decision to undertake those acts but the reservation was not accepted.

Article (148)

The debt instruments and any Sukuk issued by the company pursuant to the conditions provided for in the Commercial Companies Law shall not be subject to

the procedures for realisation of debts. Such instruments and Sukuk shall be accepted at their nominal value in the record of the Debtor's Debts after deduction of the amounts already paid by the company.

Section Fourteen

Bankruptcy of the Deceased Debtor, the Retired Debtor and the Ineligible Debtor

Article (149)

A creditor may apply to open bankruptcy procedures against the Debtor to declare the Debtor bankrupt and to liquidate the Debtor's Assets after the Debtor's death, or the Debtor's retirement from business or after the Debtor's loss of eligibility, if the conditions to declare bankruptcy and liquidation are fulfilled pursuant to the provisions of this Law. An application in these cases must be submitted no later than one (1) year, from the date of Debtor's death or from the date the Debtor stops carrying on business as per the Debtor's deregistration recorded in the commercial register or from the date of the Debtor's ineligibility as per the issuance of the judgment regarding the same.

Article (150)

1. The Court shall issue a judgment declaring the bankruptcy of a deceased Debtor and liquidating such Debtor's Assets in the case of failure of the Debtor's heirs to submit Assets in kind or a bank guarantee issued by a bank operating in the State or any other guarantee as may be acceptable to the Court, which is sufficient to secure payment of the creditor's debt within the term specified by the Court.
2. The heirs of the deceased Debtor may apply to declare the deceased Debtor bankrupt and to liquidate the deceased Debtor's Assets within the period provided for in Article (149) of this Law. If certain heirs object to a declaration of bankruptcy, the Court must hear their statements and then determine the application on an urgent basis, in the interest of the deceased Debtor's creditors and the heirs.

3. The procedures to declare bankruptcy and liquidation of the deceased Debtor's Assets are to be carried out pursuant to this Article and all the provisions provided for in this Law, subject to the following:
 - a. In the case of the death of a merchant, the application to declare bankruptcy shall be served at the last domicile of the merchant without the need to identify the heirs.
 - b. The heirs of a Debtor who was declared bankrupt shall represent the Debtor in the procedures of bankruptcy and the liquidation of Assets.

Article (151)

The heirs of the deceased, or their legal representative, shall select a person to represent them in the procedures of bankruptcy and liquidation of Assets. In the case of a failure to select their representative within seven (7) Business Days from the date of receiving a notice from the trustee of the same, the Court shall, upon request of the trustee, appoint a person to assume this duty. The Court may remove the representative of the heirs and appoint another heir or their legal representative.

Section Fifteen

Common Provisions

Article (152)

Unless otherwise provided, the provisions of this Section shall apply to restructuring or bankruptcy and liquidation of Assets, as the case may be.

Part One

Recovery

Article (153)

1. Any goods in the possession of the Debtor on trust, or for sale to the account of their owner, or for delivery of the same to their owner, may be recovered.

The price of the goods may be recovered from the seller or Debtor if they were not delivered to the purchaser, and if the price is not paid in cash, by commercial document, by set-off or by crediting a current account between the Debtor and the purchaser.

2. If the Debtor deposited goods with a third party, such goods may be recovered from the third party.
3. Commercial documents, and other valuable Sukuk which are delivered to the Debtor for collection of their value or profits or for allocation for certain payment, may be recovered if they are found in kind in the assets the subject of the inventory and if their value was not paid on the declaration of bankruptcy. However, recovery shall not be permissible if the said documents and Sukuk have been entered into a current account between the party who seeks recovery and the Debtor.
4. The cash deposited with the Debtor may be recovered only if the recovering party establishes its ownership of the same specifically.
5. In the situations provided for in this Article, the party seeking recovery shall pay to the trustee any entitlements payable to the Debtor.

Article (154)

Where a sale contract has been terminated by a final judgment prior to the decision to commence the procedures, the seller may apply to the Court for recovery of all or any part of the sale from the assets the subject of the inventory, provided that the same is specifically available.

Article (155)

1. Where a decision has been issued to commence bankruptcy procedures against a Debtor prior to payment by the Debtor of the price of goods which were purchased by the Debtor prior to the opening of the procedures but which remained with the seller, the latter may withhold the goods.
2. Where a decision has been issued to commence bankruptcy procedures after any goods have been sent to the Debtor as the purchaser, if the goods have not yet entered the Debtor's warehouses or the warehouses of the Debtor's agent

appointed for sale of the goods, the seller may recover and repossess the goods. However, recovery as aforesaid shall not be permissible if the goods lose their identity or if they were disposed of by the Debtor without deceit under lists of ownership or bills of lading, to a bona fide purchaser.

3. In all cases, the trustee may, with the Court's approval, request to receive the goods, provided that the Trustee shall pay to the seller the agreed price. If the trustee does not request receipt of the goods, the seller may invoke the right to terminate the relevant contract and claim for damages.

Article (156)

Without prejudice to the provisions of Article (48) of the UAE Commercial Transactions Law, if a decision is issued to commence the procedures against the Debtor, prior to payment of the price and after lodging the goods in the Debtor's warehouses or in the warehouses of the agent appointed for sale of the goods, the seller may not demand termination of the sale or recovery of the goods. Any condition that would enable the seller to recover the goods shall not be enforceable against creditors.

Part Two

Restriction of the Management and Disposition Right

Article (157)

1. As of the date of the decision to commence the bankruptcy procedures the Debtor shall not:
 - a. Manage the Debtor's Assets or pay any claims that arose prior to the issuance of the commencement decision, excluding any set-off payments made pursuant to the provisions of Section Five of Chapter Five of this Law.
 - b. Dispose of any of the Debtor's Assets or repay or borrow any amounts except in accordance with the provisions of this Law. The dispositions carried out on the date of issuance of the decision to open bankruptcy

proceedings shall be considered to have taken place after the issuance of the decision.

- c. If the disposition is one that would be established or enforceable against third parties only by registration or other procedures, it shall not be enforceable against the creditors unless the action is taken prior to the decision to commence the procedures.
 - d. If the Debtor is a juridical person, dispose of any shares or stock of the company or make any change to the ownership or its legal form.
2. The Court may, upon the request of any Interested Party, rule that any disposition by the Debtor made contrary to the provisions of Paragraph 1 of this Article is not enforceable against the creditors.

Article (158)

1. Restriction of management and disposition by the Debtor applies to all the Debtor's Assets as of the date of the decision to commence the procedures and the assets which devolve to the Debtor after the decision to open the procedures. The Court may, upon the request of any Interested Party, rule that such dispositions are not enforceable.
2. As an exception to the provisions of Paragraph 1 of this Article, the restriction of management and disposition shall not include the following:
 - a. The assets which may not be the subject of attachment by operation of law and the assets required to support the Debtor and the Debtor's dependents.
 - b. The assets owned by persons other than the Debtor.
 - c. The rights relating to the Debtor's personal affairs.
3. The restriction of management and disposition referred to in Paragraph 1 of this Article shall not include the rights relating to the Debtor personally or to the Debtor in the capacity as a sponsor of a family or the rights that relate to pure non-monetary interest.

Article (159)

With the exception of the case of obtaining new finance pursuant to the provisions of Section Four of Chapter Five of this Law, securities shall not be created on the Debtor's Assets after the issuance of the decision to open the procedures, unless otherwise permitted by the Court.

Article (160)

1. The Court may decide to suspend any part of the Debtor's Business upon urgent request by the trustee.
2. The Court shall determine a partial stop order upon the trustee's report within no later than the period of acceptance or refusal by the Court to approve the draft Restructuring Plan pursuant to the provisions of this Chapter.

Article (161)

The trustee may, throughout the period of managing the procedures, instruct the Debtor to do anything that may be necessary to preserve the interests of the Debtor's Business. The trustee may also instruct the Debtor to perform the enforceable contracts to which the Debtor is a party, subject to the provisions of Section Nine of this Chapter. The trustee may perform such works, including exercising all the powers given to the trustee in the Protective Composition Procedure pursuant to the provisions of Chapter Three of this Law.

Part Three

Suspension of the Judicial Proceedings and Interest

Article (162)

1. In cases other than those provided for in this Law, and unless otherwise decided by the Court, the decision to commence procedures pursuant to the provisions of Article (78) of this Law shall result in the suspension of claims, judicial proceedings and execution proceedings against the Debtor's Assets, pending approval of the restructuring plan pursuant to the provisions of Article (108).

2. As an exception to Paragraph 1 of this Article, the Creditors who hold secured debts may file and continue with claims and may foreclose their securities if their debts are due, upon obtaining the permission of the Court. The Court shall determine whether to grant permission within ten (10) Business Days from the application date. The Court's determination of the application shall not require any notices or an exchange of submissions. On granting permission, the Court shall ensure that there is no collusion between the Debtor and the secured creditor, and verify the priority rank of the secured creditor where there is more than one secured creditor over the same Asset.
3. A decision issued by the Court denying permission may be appealed before the competent court of appeal. The appeal shall not stay the procedures. The decision issued in the appeal shall be final.

Article (163)

The Court may decide, upon the request of the trustee and after giving notice to the concerned party, to suspend any legal or contractual interest, including interest or the damages, compensation or indemnity payable for the delay of payment from the date of commencing the procedures to the date of acceptance or refusal by the Court to approve the draft plan in accordance with the provisions of this Chapter.

Part Four

Performance or Fulfilment of Obligations and Contracts

Article (164)

1. The trustee shall ensure that the Debtor is able to perform or fulfill its obligations.
2. The trustee may, in the context of the implementation of the Restructuring Plan, pay any amount the Debtor is liable for to a counterparty under an enforceable contract with the Debtor, unless such counterparty gives the Debtor more time to make such payment.
3. In case the trustee fails to perform or fulfill its obligations or to continue

performance under the contract, a counterparty may apply to the Court for termination of the contract, which shall not stay the proceedings.

4. If the Debtor is a joint owner of any assets, then the trustee or any of the co-owners of the commonly owned assets may apply for a division of the assets, notwithstanding any existing agreement that does not allow division. A co-owner shall be given priority over any third party if the co-owner wishes to acquire the Debtor's share for fair consideration, as may be determined by the Court.

Article (165)

1. The decision to continue the restructuring procedures shall not result in the lapse of any term agreed on for payment of any debt of the Debtor. Any contractual provision stating otherwise shall be null and void.
2. Continuing with the restructuring procedures shall not result in the termination of any enforceable contract between the Debtor and any third party unless the said contract is based on personal considerations. Any counterparty to a contract with the Debtor shall perform or fulfill the counterparty's contractual obligations unless the counterparty had, prior to the date of issuance of the decision to open the procedures, invoked the right not to fulfill or perform its obligations as a result of the Debtor's failure to perform or fulfill the Debtor's obligations.
3. The Court may, upon the request of the trustee, order termination of any enforceable contract to which the Debtor is a party, if the same is necessary to enable the Debtor to conduct the Debtor's Business or if such termination is in the best interest of all of the creditors of the Debtor and does not result in gross damage to the interests of the counterparty to the contract with the Debtor.
4. The counterparty to a contract may, in the cases referred to in Paragraph 3 of Article (164) and Paragraph 3 of this Article, participate in the Restructuring Procedures as an ordinary creditor in relation to the compensation or indemnity arising from the termination, if the same is justified, unless the Court orders that the indemnity shall maintain the lien given to it by law.

Article (166)

As an exception to the provisions of Article (26) of the Civil Procedures Law, and to the provisions of Paragraph 1643 of this Law:

1. A decision to continue with the restructuring procedures shall not result in termination of a lease or investment contract or in any rent falling due for the remaining term if the Debtor is a tenant or an investor of the property in which the Debtor carries out the Debtor's Business. Any condition to the contrary shall be considered null and void.
2. The trustee may terminate the lease or investment contract of the property used by the Debtor to carry on the Debtor's Business prior to the due date agreed in the contract. The trustee shall notify the owner or the landlord of such termination by giving written notice forty-five (45) Business Days prior, unless a shorter term is provided by the contract.
3. The owner or the landlord may claim for termination of the lease or investment contract of the property used by the Debtor for carrying on the Debtor's Business due to the Debtor's default in payment of the rent due, if such default continues for more than three (3) months from the date of the decision to commence the procedures.
4. The Court may, upon the request of the owner or the landlord, issue a judgment terminating the lease or investment contract of the property used by the Debtor to carry on the Debtor's Business if it is established that the securities granted to the owner or landlord for payment of the rent are insufficient.
5. If a decision is made to terminate the lease or investment contract of the property used by the Debtor to carry on the Debtor's Business, the owner or the landlord of such property shall have a lien on the proceeds of sale of the Debtor's movable Assets which are considered furniture for the leased or invested property.
6. The Court may permit the Debtor or the trustee to sell the Debtor's movable assets which are considered furniture of the leased or invested property in any of the following cases:

- a. If such assets are susceptible to damage or their value is liable to decline rapidly and maintaining them requires high cost.
 - b. If the sale of such assets does not result in the inability of the Debtor to carry on the Debtor's Business.
 - c. If the sale of such assets does not affect the sufficiency of the securities granted to the landlord or the owner.
7. The trustee may, upon the approval of the Court, sub-lease the property occupied by the Debtor for carrying on the Debtor's Business notwithstanding the fact that the lease contract between the Debtor and the owner or the landlord provides otherwise, provided that such disposition realizes the actual interest of the creditors and that no damage results from that to the owner or landlord of the property and that the landlord is fairly compensated.

Article (167)

Without prejudice to the rights of an employee as determined by law, the Court may terminate the enforceable employment contracts between a Debtor declared by the Court to be bankrupt or whose assets the Court has decided should be restructured, and any of the Debtor's employees, if the same is required, regardless of the provisions of such contracts.

Part Five

Unenforceability of Dispositions

Article (168)

1. The following dispositions shall not be enforceable against the creditors if the Debtor performs such dispositions within two (2) years prior to the date of the commencement of the procedures, unless the Court approves the enforceability of those dispositions, taking into consideration the public interest or the interest of bona fide third parties:
 - a. Donations, gifts or transactions without consideration, excluding small gifts which are normally given.

- b. Any transactions in which the obligations of the Debtor significantly exceed the obligations of the counterparty, whether such obligations were in cash or in kind.
 - c. Early settlement of any debts, regardless of the method of payment.
 - d. Settlement of payable debts by any means other than the method agreed between the Debtor and a creditor or by any methods that are different from those usually followed for settlement of that type of debt. Settlement by a commercial document or a bank transfer shall be treated as cash settlement.
 - e. Creating a new security of any type on the Debtor's Assets to secure payment of an earlier debt.
2. The Court may rule not to enforce any disposition which is not listed in Paragraph 1 of this Article, if the disposition is detrimental to the creditors and the counterparty to the contract was aware, or should have been aware at the time of the disposition, that the Debtor had ceased payment of the Debtor's Debts or was in a state of Over-indebtedness.

Article (169)

- 1. If any disposition is found unenforceable against the creditors, the counterparty of the disposition shall return what it has received from the Debtor under the disposition or the value of the item as at the time of receipt thereof to the Debtor's Assets. The counterparty shall also pay the profits on any amounts received from the date of receipt and the consideration of its benefits.
- 2. The counterparty to the disposition may recover the consideration paid to the Debtor, if such consideration specifically exists in the Debtor's Assets. If the consideration does not exist, the counterparty to the disposition may claim against the creditors for the benefit earned by them as a result of the disposition and may participate in the procedures provided for in this Chapter as an ordinary creditor for any amount in excess thereof.

Article (170)

The Court may rule to dismiss a claim for the non-enforceability of the dispositions filed on the basis of Article (168) of this Law, if it finds that the Debtor made the disposition in good faith for the purpose of carrying out the Debtor's Business, and that when the Debtor made such disposition, there were reasons which led the Debtor to believe that the disposition might benefit the Debtor's Business.

Chapter Five

General Provisions

Article (171)

The provisions of this Chapter shall apply to all the procedures set out in Chapters Three and Four, as the case may be, unless otherwise provided.

Section One

Applications Submitted in the Case of Juridical Persons

Article (172)

If the application to commence the procedures is filed in accordance with the provisions of Chapters Three or Four of this Law, it shall be accompanied with evidence demonstrating the approval of the owners of the corporate entity, in the form of a resolution by the majority of partners in partnerships and in limited partnerships, and by the general assembly at an extraordinary meeting in other forms of companies.

Article (173)

If a decision is made to commence procedures in relation to a Debtor who is a corporate entity, adjudication of each application for liquidation of the company or for placing the company under receivership shall be suspended, and the identity of the company under liquidation shall continue to exist pending completion of the procedures provided for in Chapters Three and Four of this Law.

Section Two

Duties and Powers of the Trustee

Article (174)

1. A trustee appointed pursuant to the provisions of this Law shall undertake the trustee's duties under the supervision of the Court and shall follow-up on the procedures promptly, and ensure that all measures are taken to protect the interests of the Debtor and the creditors.
2. Subject to the provisions relating to the rights, powers and duties of the trustee provided for in Chapters Three and Four of this Law, in performance of the trustee's duties, the Trustee shall be governed by the same obligations by which an expert is governed pursuant to the provisions of Federal Law No. (7) of 2012 on Regulation of Expertise before Judicial Authorities, to the extent to which the same is not inconsistent with the provisions of this Law.
3. The trustee may carry out an evaluation of the Debtor's Assets as necessary.
4. The trustee, the Debtor or any creditor may apply to the Court for the determination of the scope of the powers of the trustee concerning a specified matter, provided that the same shall not suspend or disrupt the procedures.

Article (175)

1. Upon appointment, the trustee shall receive the Debtor's communications relating to the Debtor's Business and shall review and maintain the same, and enable the Debtor to review such communications.
2. The trustee shall, as soon as possible, deliver to the Debtor any personal communications, or communications which are governed by professional confidentiality rules and which do not relate to the procedures.

Article (176)

1. The trustee shall deposit any funds received by the trustee during the procedures in an account with a bank designated by the Court, within a period

not exceeding two (2) Business Days from the date of receipt of such funds, and shall submit to the Court a statement of account of the amount of such funds within five (5) Business Days from the date of deposit.

2. If the trustee delays the deposit of any funds received by the trustee without an excuse acceptable to the Court, the Court may order the trustee to pay a fine, in the form of interest on the amount of such funds for every day of delay of the deposit, subject to a maximum of twelve percent (12%) per annum. The amount of the fine shall be deposited in the account referred to in Paragraph 1 of this Article, and allocated for the general security of creditors.

Article (177)

The trustee shall prepare an estimate of the amount of money needed to reasonably satisfy the basic needs of the Debtor and the Debtor's dependents, and provide the estimate to the Court. The Court shall review the estimate and issue its decision approving or amending it on an urgent basis. The Court's decision shall be final. The amount so approved by the Court shall not be considered as part of the Debtor's Assets for securing the Debtor's Debts.

Section Three

Recovery

Article (178)

1. Any Interested Party who can demonstrate that the Debtor does not, as at the date that the Court commences the procedures, own specific assets that have been listed among the Debtor's Assets in the inventory prepared by the trustee pursuant to this Law, may petition the trustee to remove those assets from the inventory. The trustee shall make a decision approving or dismissing the application as soon as possible.
2. The Interested Party may file a grievance with the Court against the Trustee's decision on the recovery application, within a period not exceeding three (3) Business Days from the date of receiving the trustee's decision. The Court shall issue its decision on the grievance application within five (5) Business

Days from the date the application is filed. The Court's decision shall be final and the grievance shall not stay of the procedures.

Article (179)

1. The Debtor's spouse may specify the contents in the inventory of the Debtor's Assets that are owned by the spouse pursuant to any laws and rules applicable to the financial matters in marriage.
2. The Debtor's spouse may, within two (2) months from the date of publication of the decision to commence the concerned procedures, apply to the Court on an urgent basis to recover the movable or immovable assets from the Debtor's Assets.

Article (180)

The trustee may file an application for the Court's permission to enter in the inventory of Debtor's Assets any assets purchased by the Debtor's spouse within the three (3) years preceding the decision to commence the procedures, where such purchase was made using the Debtor's Assets, or donations granted to the spouse.

Section Four

Procurement of New Finance

Article (181)

Upon the request of the Debtor or the trustee in the Protective Composition Procedure or the Restructuring Procedures, the Court may permit the Debtor to procure new financing, with or without security, subject to the following:

1. The new financing shall have priority over any ordinary debt payable by the Debtor, as of the date of the decision to commence the procedures pursuant to Chapters Three or Four of this Law.
2. The new financing provided may, if possible, be secured by a mortgage on any of the Debtor's Assets that are unencumbered.
3. The new financing provided may, if possible, be secured by a mortgage on

any of the Debtor's Assets that are already mortgaged, provided that the amount of the new mortgage exceeds the amount of the debt secured by the existing mortgage. In this case, the new mortgage on a given assets shall have a lower rank than the existing mortgage thereon, unless the creditors whose debts are secured by the existing mortgage agree that the new mortgage shall have a rank equal to or higher than the existing mortgage on the said asset.

Article (182)

The Court may permit the Debtor in the Protective Composition Procedure or Restructuring Procedures to obtain financing against the provision of security with a rank equal to or higher than any security existing on the Debtor's Assets, if the Court considers that the new financing does not affect the interest of the holder of the existing security.

Section Five

Set-Off

Article (183)

1. Set-off of debts may be made between the Debtor and a creditor subject to fulfillment of the conditions thereof, prior to commencement of the procedures pursuant to Chapters Three or Four of this Law.
2. Set-off of debts may not be made after commencement of the procedures pursuant to Chapters Three or Four of this Law, unless the set-off is made upon implementation of the Protective Composition Plan or the Restructuring Plan or upon decision of the Court.
3. Once set-off is made, the balance of the debt owed to the creditor, shall be considered part of the Debtor's Debts and shall have the same rank as the original debt had. Likewise, the balance owed to the Debtor shall be considered as part of the Debtor's Assets and shall be paid to the appointed trustee in accordance with the provisions of Chapters Three or Four of this Law, as the case may be.

4. Where the creditor assigns the creditor's debt to a third party, set-off between the Debtor and such other party shall be enforceable, only if the Court finds that such assignment was made in good faith, including in case of acquisition of the creditor by a third party.

Section Six

Debt Repayment Order

Part One

Repayment of Debts at the Protective Composition or Restructuring Stage

Article (184)

The following debts shall be payable when they are due, in the order set forth below:

1. Any court fees or costs or the fees or expenses of any trustee appointed pursuant to Chapters Three or Four of this Law and any amount paid in the relevant procedures or transactions pursuant to Chapters Three and Four of this Law.
2. Any fees, expenses or costs arising after the commencement decision as a result of providing the Debtor with commodities and services or for continuation of performance of any contract pursuant to the provisions of this Law, to the extent such fees, costs and expenses benefit the Debtor's Business or the Debtor's Assets.
3. Any new unsecured finance received pursuant to the provisions of Section Four of Chapter Five of this Law, including the outstanding principal amount of the debt and the interest thereon and expenses related thereto. The aforementioned debt repayment order applies, notwithstanding that the amount of the security provided for the new finance is sufficient for payment of the full amount due in repayment of such finance.

Part Two

Order of Priority upon Bankruptcy and Liquidation

Article (185)

1. If the Court makes a declaration of bankruptcy and liquidation of the Debtor's Assets pursuant to the provisions of Chapter Four of this Law, the holders of secured debts shall rank in priority to ordinary creditors in the amount of their respective securities.
2. All of the reasonable costs and fees incurred by the trustee during the procedures of sale of such secured assets shall be deducted from the proceeds of sale of the assets securing the debts, prior to distribution of the said proceeds to the secured creditors.

Article (186)

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

Article (187)

1. As an exception to the provisions of Article (185) of this Law, if the trustee considers that the proceeds of sale of any assets encumbered by security are not sufficient to cover the trustee's fees and expenses relating to the sale of such assets, the trustee may elect not to proceed with the sale. The trustee shall give the creditor who holds the security notice in writing immediately upon any decision taken by the trustee not to proceed with the sale of the asset encumbered by security.
2. The creditor may object to the trustee's decision within three (3) Business Days from the date of receipt of the notice. The Court shall issue its decision concerning the objection within five (5) Business Days without pleadings. The Court's decision shall be final.

Article (188)

1. Where there is a surplus from the proceeds of the sale of the assets serving as security against the debt, the surplus shall be delivered to the trustee and it shall be held in the interest of the Debtor.
2. If, after payment of the fees and expenses, the proceeds of the sale of the secured assets are less than the amount of the secured debt, the balance of the secured debt shall be considered an ordinary debt against the Debtor.

Part Three

Order of Preferred Debts

Article (189)

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

the procedures, for the purpose of securing commodities and services for the Debtor or for continuation of performance of any contract for the benefit of the Debtor's Business or the Debtor's Assets or any fees, costs or expenses arising from the continuation of the Debtor's Business after the date of commencement of the procedures in accordance with the provisions of this Law.

2. Subject to the priority order set out in Paragraph 1 of this Article, the creditors in each one of the debt categories referred to therein shall rank equally with each other unless the Debtor's Assets are not sufficient to cover such debts, in which case the debts shall be reduced by equal percentages.

Section Seven

Grievance and Appeal

Part One

Grievances

Article (190)

In the case of a failure by the trustee appointed pursuant to the provisions of Chapters Three or Four of this Law to give notice to any creditor of any of the scheduled creditors' meetings or if the publication thereof is not made pursuant to the provisions of this Law, the aggrieved creditor may file a grievance regarding the same before the Court in accordance with the following:

1. The petitioner shall file the grievance within ten (10) Business Days from the date of becoming aware of the meeting. The grievance shall not stay the procedures.
2. The Court shall consider the grievance on an urgent basis after calling upon the trustee and shall issue a decision either by accepting or dismissing the grievance. The Court's decision shall be final.

3. Where the Court issues a decision to accept the grievance, the Court may rule to stay or cancel the enforcement of any prior decision issued by the same Court based on the results of such meeting, provided that no harm is caused to the other creditors.

Article (191)

1. Any Interested Party may file a grievance before the Court if the trustee:
 - a. Proposes, or makes, any unfair disposition that harms the interest of the Interested Party.
 - b. Neglects or omits performance of the trustee's duties or fails to exercise due diligence in accordance with customary practice.
 - c. Misuses or withholds any assets or funds pertaining to the Debtor or breaches any of the trustee's obligations in favor of the Debtor.
2. The grievance shall be filed within five (5) Business Days from the date of becoming aware of the cause of action. The Court shall determine the grievance application by dismissing it or by issuing any decision it may consider proper, including a decision to terminate any trustee appointed in accordance with Chapters Three or Four of this Law and, in the same decision, to appoint a replacement trustee. The grievance shall not stay the procedures.

Part Two

Appeal

Article (192)

Without prejudice to the explicit provisions of this Law, the decisions or judgments issued by the Court, pursuant to the provisions of this Law, shall not in any case whatsoever be appealed and no grievance shall be filed regarding the decisions issued by any trustee appointed in accordance with the provisions of Chapters Three or Four of this Law

Article (193)

The court of appeal may, upon the request of the appellant, decide to stay the execution of the appealed decision pending the adjudication of the subject of the appeal. In this case, the Court may require the appellant to submit, within the time specified by the Court, a guarantee in kind or a bank guarantee issued by a bank operating in the State or any other guarantee acceptable by the Court, which is sufficient to indemnify the appellee for any damage it may incur in the event the appeal is denied.

Article (194)

The Debtor or a creditor may appeal any decision or judgment issued by the Court concerning the acceptance or non-acceptance to commence the procedures, pursuant to the provisions of Chapters Three and Chapter Four of this Law.

Article (195)

A Debtor, who is a natural person, or any of the Debtor's dependents, may appeal the decisions issued by the Court concerning the sale, mortgage or disposition of any assets allocated to support them, pursuant to the provisions of Chapter Three and Chapter Four of this Law.

Chapter Six

Penalties and Rehabilitation

Section One

Article (196)

Any person who works for a juridical person governed by the provisions of this Law and has an active role in the decision-making process, shall be considered to be a manager. This includes any person upon whose instructions and directives the managers work.

Article (197)

Any person who is declared bankrupt by a final judgment shall be punished by imprisonment for not more than five (5) years, if such person commits any of the following acts:

1. Conceals, destroys or alters any part or all of such person's books with the intention to cause harm to the creditors.
2. Embezzles or conceals part of such person's assets with the intention of causing harm to the creditors.
3. Willfully acknowledges debts which are not owed by such person, whether such acknowledgement is made in writing, verbally, in the balance sheet, or by withholding documents or explanations with such person's knowledge of the consequences of the same.
4. Procures Protective Composition with creditors or restructuring by deceit.
5. Increases such person's liabilities or reduces the value of such person's assets or enters into any other settlement by deceit.

Article (198)

The members of the board of directors, the managers of the company and the persons responsible for liquidation of the company shall be punished by imprisonment for a term not exceeding five (5) years and by a fine in an amount not exceeding one million UAE dirhams (AED 1,000,000), if they commit—after issuance of a final decision to commence the procedures against the company—any of the following acts:

1. Conceal, destroy or alter all or any part of the company's books with the intention to cause harm to the creditors.
2. Embezzle or conceal part of the company's assets with the intention to cause harm to the creditors
3. Willfully acknowledges debts which are not owed by the company, whether such acknowledgment is made in writing, verbally, in the balance sheet or by withholding documents or explanations which are in their possession with

knowledge of the consequences of the same.

4. Procure Protective Composition for the company or restructuring by deceit.
5. Declare false facts on the subscribed or paid-up capital, or distribute false dividends or receive remunerations exceeding the amount provided for by the law or in the memorandum or articles of association of the company.
6. The penalty provided for in this Article shall not apply to a person whose participation in the act, the subject of the crime, is not established or whose reservations on the decision issued concerning it are established.

Article (199)

Any person declared bankrupt by a final judgment shall be punished by imprisonment for not more than two (2) years and/or by a fine in an amount not exceeding sixty thousand UAE dirhams (AED 60,000), where it is established that the declaration of bankruptcy was due to such person's gross omission which caused loss to the creditors as a result of committing any of the following acts:

1. Spends significant amounts on speculative ventures in a manner not required for the business or engages in gambling.
2. Repays a creditor's debt to cause harm to the other creditors after ceasing payment of such person's debts for a period not exceeding (30) successive Business Days or if such person was in a state of Over-indebtedness, even if the same was with the intent to enter into Protective Composition or restructuring.
3. Disposes of such person's assets in bad faith for less than their market value or uses means which are harmful by nature or context to cause harm to the creditors with the intent to delay the declaration of bankruptcy and liquidation of such person's assets or delay termination of the Protective Composition Plan or the financial Restructuring Plan.

Article (200)

Any person declared bankrupt by a final judgment and who commits any of the following acts shall be punished by imprisonment for not more than one (1) year or

by a fine in an amount not exceeding thirty thousand UAE dirhams (AED 30,000):

1. Fails to keep commercial books sufficient to identify such person's financial position or fails to prepare the inventory required by law.
2. Enters into gross undertakings in favor of a third party, without consideration, compared to such person's financial status as at the time of entering into such undertakings.
3. Withholds the information required by the trustee appointed pursuant to the provisions of Chapter Four of this Law or the Court, or deliberately submits false information to them.
4. Allows special benefit to a creditor after Cessation of Payments, for the purpose of procuring approval of the Protective Composition or restructuring.
5. Spends substantial amounts on such person's personal or household expenses, whether prior to the Cessation of Payments or thereafter.
6. Pays any debt contrary to the terms of the Protective Composition Plan or the Restructuring Plan approved by the Court, or disposes of any assets contrary to the terms of the plan.

Article (201)

The members of the board of directors, the managers and the liquidators of the company declared bankruptcy a final judgment shall be punished by imprisonment of not more than two (2) years, if they commit any of the following acts:

1. Fail to keep commercial books sufficiently reflecting the actual financial position of the company or fail to carry out the inventory required by law.
2. Withhold the information required by the trustee appointed pursuant to the provisions of Chapter Four of this Law or by the Court, or deliberately submit false information.
3. Dispose of the company's assets after the Cessation of Payments, with the intent to conceal those assets from the creditors.
4. Pay the debt of a Creditor after Cessation of Payments to cause damage to the

other creditors, or accepts securities or special benefits for a creditor which are more favorable than for the other creditors, even if the same was with the intention of concluding the Protective Composition or restructuring.

5. Dispose of the company's assets for lower than their market value or use methods or means that would cause harm to the creditors' interests with the intention to receive funds in order to avoid or delay the Cessation of Payments or a declaration of bankruptcy or termination of the Protective Composition Procedure or restructuring.
6. Spend gross amounts on gambling or speculative ventures that are outside the scope of the company's business.
7. Enter into gross undertakings in favor of a third party, without consideration, compared to the company's financial status as at the time of entering into such undertakings
6. The penalty provided for in this Article shall not apply to a person whose participation in the acts prohibited hereunder is not established, or whose reservations on the company decision to perform the said acts are established.

Article (202)

1. Any trustee or expert appointed by the Court pursuant to the provisions of this Law who takes over or embezzles any of the Debtor's Assets in the process of management of the same shall be punished by imprisonment of not more than five (5) years and by a fine in an amount not exceeding one million UAE dirhams (AED 1,000,000).
2. The penalty shall be imprisonment and/or fine if the trustee or expert deliberately submits inaccurate information in relation to the procedures.

Article (203)

Any person who embezzles, steals or conceals the Debtor's Assets after the decision to commence the procedures pursuant to the provisions of Chapter Three or Chapter Four of this Law, shall be punished by imprisonment and/or fine, notwithstanding that such person is a spouse, relative or child of the bankrupt or of the bankrupt's spouse. The Court shall of its own accord rule to return the assets even if a judgment

is issued acquitting them. The Court may rule upon the request of the concerned parties, to grant compensation when necessary.

Article (204)

Any creditor of a Debtor who is declared bankrupt shall be punished by imprisonment if the creditor commits any of the following acts:

1. Increases the creditor's debts against the Debtor by deceit.
2. Provides for the creditor with the Debtor or with third parties special benefits, in consideration for voting at the meetings for Protective Composition or restructuring.
3. Enters a secret agreement with the Debtor, after the Cessation of Payments, that gives the creditor special benefits to the detriment of the other creditors.

The Court shall rule of its own accord on the nullification of the said agreements, as against the Debtor and any other person and shall order the creditor to return any assets received by the creditor under the nullified agreement, even if a judgment is issued acquitting the creditor. The Court may, if it considers necessary, order compensation upon the request of the concerned parties.

Article (205)

Any person who, by deceit in the procedures of Protective Composition, restructuring or bankruptcy and liquidation, provides false debts in such person's name or in the names of third parties shall be punished by imprisonment.

Article (206)

Any Debtor shall be punished by imprisonment of not more than five years who:

1. Deliberately conceals all or any of the Debtor's Assets, or provides

exaggerated valuation of the same, with the intention to procure Protective Composition or restructuring.

2. Deliberately enables a false creditor, or a creditor who is restricted from participating in the Protective Composition or restructuring, or who provides exaggerated valuation of the creditor's debt, to participate in the deliberations and voting, or who deliberately allows the creditor to participate in the same.
3. Deliberately fails to mention a creditor listed in the creditors list.

Article (207)

Any creditor shall be punished by imprisonment who:

1. Deliberately provides exaggerated valuation of the creditor's debts.
2. Participates in the deliberations or voting on the Protective Composition Plan with or Restructuring Plan, knowing that the creditor is prohibited by law from doing the same.
3. Enters with the Debtor into a secret agreement that gives the creditor special benefits to the detriment of the other creditors.

Article (208)

Any person who is not a creditor, and who participates knowingly in the deliberations of the Protective Composition or restructuring or in voting on the Protective Composition Plan or the Restructuring Plan without permission of the trustee or the Court shall be punished by imprisonment.

Article (209)

If the crime relates to an agreement entered into between the Debtor and any creditor, to give such creditor special benefits, in consideration of voting on the Composition plan or restructuring plan to the detriment of the other creditors, the criminal court may issue a judgment of its own accord nullifying such agreement and ordering the creditor to return anything the creditor has taken under the nullified agreement, even if a judgment on the crime is issued acquitting them. The Court may also order compensation upon the request of the concerned parties, when considered necessary.

Article (210)

Any controller who deliberately gives or endorses inaccurate statements about the Debtor's financial position shall be punished by imprisonment.

Article (211)

1. Any trustee appointed pursuant to the provisions of Chapter Three or Chapter Four of this Law shall submit to the Public Prosecution in any investigation or criminal trial, any documents, explanations and information that may be required of them.
2. The documents shall remain on reserve at the registration department of the Court and may be inspected or true copies of them may be procured during the investigation or the criminal trial, unless otherwise determined by the Court.
3. The documents shall be returned after completion of the investigation or trial in consideration of a receipt.

Article (212)

1. If the Court decides to proceed with the Protective Composition Procedure or the restructuring procedures in accordance with the provisions of Chapters Three or Four of this Law, any criminal proceedings taken or to be taken against the Debtor arising from claims that the Debtor issued a cheque without sufficient funds, prior to proceeding with the Protective Composition or restructuring, shall be suspended.
2. If the Court orders a suspension of the criminal proceedings pursuant to Paragraph 1 of this Article the creditor holding the cheque lacking sufficient funds shall be considered one of the creditors and the creditor's debt shall be considered part of the total Debtor's Debt.
3. The suspension of the criminal proceedings against the Debtor shall continue to be enforceable pending determination of the application and approval of settlements with the Debtor's creditors in accordance with the rules and procedures required by this Law or by the Court considering the application for Protective Composition or restructuring, as the case may be.

4. In the case of approval by the Court of the arrangement reached between the Debtor and the Debtor's creditors pursuant to the provisions of this Law, such approval shall automatically result in the extension of suspension of the criminal proceedings filed against the Debtor pending completion of the implementation of the Protective Composition Procedure or the restructuring procedures, as the case may be.
5. If the Debtor receives a decision from the Competent Supervisory Authority confirming completion of the required procedures and settlement of the Debtor's debts to the creditor holding the cheque, the Debtor may apply to the court, having jurisdiction of the criminal claim pursuant to the provisions of Article (401) of the Penal Code, for issuance of a decision on the lapse of the criminal claim or suspension of execution of the same, as the case may be.

Article (213)

Unless otherwise provided by law, any civil or commercial claims or proceedings relating to the application of this Law shall be independent from any criminal claim filed pursuant to the provisions of this Chapter, and the criminal court shall not consider such claims and proceedings and such claims and proceedings may not be referred to it.

Article (214)

The Court may publish all the criminal judgments issued in relation to the crimes provided for in this Law, the method of such publication to be determined in accordance with the method of publication of the judgment declaring bankruptcy pursuant to the provisions of Chapter Four of this Law.

Article (215)

On conviction of the crimes provided for by Articles (197, 198, 199, 200, 201) of this Law the Court may prohibit the judgment debtor from directly operating, managing, monitoring or having any part in the management of any company established pursuant to the provisions of the Commercial Companies Law, or carrying on any commercial activity for a period not exceeding five (5) years from the date of completion of the bankruptcy and liquidation procedures. The judgment debtor's name shall be recorded in the commercial or professional register, as the

case may be.

Article (216)

The penalties provided for in this Chapter shall be without prejudice to any more severe penalty provided for in any other law.

Section Two

Rehabilitation of the Debtor who is Declared Bankrupt

Article (217)

Unless otherwise provided by this Section, the rights from which the person who is declared bankrupt is deprived under the provisions of this Law or under any special laws, shall be restored after five (5) years from the date of completion of the bankruptcy and liquidation procedures.

Article (218)

The Debtor who is declared bankrupt shall be rehabilitated prior to expiry of the period provided for in Article (217) of this Law if the Debtor settles all the Debtor's Debts including the principal amounts, the expenses and interest for one year, including debts from which the Debtor is discharged.

Article (219)

The Debtor who is declared bankrupt may be rehabilitated prior to the expiry of the period provided for in Article (217) of this Law in the following two cases:

1. If the Debtor enters into a settlement with the Debtor's creditors and performs the terms of such settlement. This provision applies to the general partner in a company which is declared bankrupt, if such partner enters into a settlement relating to such partner and performs its conditions.
2. If the Debtor establishes that the creditors discharged the Debtor from all the debts which remain payable by the Debtor after completion of the bankruptcy and liquidation procedures.

Article (220)

The Debtor who is declared bankrupt and against whom a conviction judgment is issued for any of the crimes provided for in Article (197) of this Law shall be rehabilitated only after three (3) years of serving the adjudged penalty, issuance of pardon in relation thereto or lapse of the penalty upon the lapse of time, provided that the Debtor has settled all the Debtor's Debts including the principal amounts, interest and expenses or has entered into settlement with creditors in relation to the Debtor's Debts.

Article (221)

The Debtor who is declared bankrupt may be rehabilitated after death, upon the request of the heirs. The timeframes provided for in Articles (219) and (220) of this Law shall be calculated as of the date of death.

Article (222)

If any creditor refrains from receiving the creditor's debt, or if a creditor is absent, or in the case where a creditor's domicile is unable to be identified, the debt may be deposited with the Court treasury. For rehabilitation purposes the deposit receipt shall be considered a release.

Article (223)

1. The rehabilitation application shall be submitted with any supporting documents to the Court who issued the judgment declaring bankruptcy and liquidation.
2. The Court shall send a copy of the application to the Public Prosecution and to the commercial or professional register, in which the Debtor is entered, and shall give notice of the rehabilitation application to the creditors whose debts were accepted in the bankruptcy procedures.

Article (224)

The Public Prosecution shall submit to the Court, within twenty (20) Business Days from the date of receiving a copy of the rehabilitation application, a report including details of the judgments issued against the Debtor who declared bankruptcy for

bankruptcy crimes, and of any trials or investigations undertaken with the Debtor in this respect, and its opinion as to whether to accept or dismiss the rehabilitation application, provided that its opinion shall be reasoned.

Article (225)

Any creditor whose debts were accepted and who did not receive their entitlements may submit an objection to the rehabilitation application within (15) fifteen Business Days from the date of notice. The objection shall be in the form of a written application submitted to the Court accompanied by any supporting documents.

Article (226)

Upon expiry of the period provided for in Article (225) of this Law, the Court shall notify the creditors who submitted objections to the rehabilitation application of the date of the hearing scheduled for consideration of the application.

Article (227)

1. The Court shall adjudicate on the application for rehabilitation by a judgment which may be appealed before the competent court of appeal.
2. If the Court dismisses the application for rehabilitation, the application may be submitted again only after six (6) months from the date of issuance of a final judgment dismissing it.

Article (228)

If, prior to the determination of the application for rehabilitation, investigations into a bankruptcy crime were commenced regarding a Debtor who was declared bankrupt, or if a criminal claim is filed against the Debtor for the same, the Public Prosecution shall immediately notify the Court and the Court shall stay its determination of the application for rehabilitation pending disposition of the investigation without filing criminal charges or issuance of a final judgment.

Article (229)

If a final judgment is issued convicting the Debtor of a bankruptcy crime after issuance of a judgment rehabilitating the Debtor, the latter judgment shall be

considered non-existent, and the Debtor may be rehabilitated thereafter only on the conditions referred to in Article (220) of this Law.

Chapter Seven

Final Provisions

Article (230)

1. Articles (417, 418, 419, 420, 421, 422) of Federal Law No. (3) of 1987 Promulgating the Penal Code shall hereby be revoked.
2. Book Five of Federal Law No. (18) of 1993 Promulgating the Commercial Transactions Law shall hereby be revoked.
3. Any provision to the contrary of or inconsistent with the provisions of this Law shall hereby be revoked.

Article (231)

This Law shall be published in the Official Gazette and shall come into effect after three months from the date of publication. [signed]

Khalifa Bin Zayed Al Nahyan

The President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi

On 18/Thy Al Hijaah/1437H.

Corresponding to 20 September 2016