

Bankruptcy Law

Chapter One: General Provisions

Article 1:

Wherever contained herein and unless the context requires otherwise, the following terms and phrases shall have the meaning ascribed below:

Law: The Bankruptcy Law.

Regulations: The Implementing Regulations of the Law.

Court: The Commercial Court.

Ministry: The Ministry of Commerce and Investment.

Minister: The Minister of Commerce and Investment.

Person: A natural or corporate personality.

Debtor: A person proven to be indebted.

Creditor: A person proven to be owed a Debt payable by a Debtor.

Debt: A proven financial obligation owed by a Debtor.

Small Debtor: Debtor who meets the criteria adopted by the Bankruptcy Commission in coordination with the General Authority for Small and Medium Entities.

Owner: A person holding a quota or a share in the Debtor's capital.

Related Party:

1. Debtor's manager, a member of its Board of Directors or the like, Debtor's partner and Owner, the relatives of the foregoing persons and of the Debtor's up to the third degree.
2. Whoever has an employment relationship with the Debtor.
3. A Person who along with the Debtor is controlled directly or indirectly by another Person or Persons holding over fifty percent of the capital of each of them.
4. The Person directly or indirectly controlling the Debtor and holding over fifty percent of the Debtor's capital.
5. The Person directly or indirectly controlled by the Debtor and holding over fifty percent of its capital.

Distressed Debtor: A Debtor who stopped paying a due Debt on its due date.

Bankrupt: A Debtor whose Debts have consumed all of its Assets.

Regulated Entities: A Person authorized to practice a financial activity or administrates a public utility in accordance with the provisions of Article (3) of the Law.

Competent Authority: The Authority in charge of regulating, controlling and supervising the activities of the Regulated Entities.

Bankruptcy Officeholder or Officeholder: Whoever appointed by the Court or an applicant – as the case may be – to perform the tasks and duties entrusted to him in accordance with the type of procedure. This shall include the Financial Restructuring Officeholder and the Liquidation Officeholder.

Bankruptcy Officeholders' List: A list prepared by the Bankruptcy Commission in which the Officeholders meeting the conditions provided for in the Regulations are listed.

Experts List: A list prepared by the Bankruptcy Commission in which the Experts meeting the conditions provided for in the Regulations are listed.

Protective Settlement Procedure: A procedure aiming to facilitate reaching an agreement between the Debtor and its Creditors to settle its Debts, where the Debtor maintains the right to manage its activities.

Financial Restructuring Procedure: A procedure under the supervision of the Financial Restructuring Officeholder, aiming to facilitate reaching an agreement between the Debtor and its Creditors for the financial restructuring of the Debtor's activity.

Liquidation Procedure: A procedure under the management of the Liquidation Officeholder, aiming to account for Creditors' claims, the sale of the Bankruptcy Assets and the distribution of the sale proceeds to the Creditors.

Administrative Liquidation Procedure: A procedure under the management of the Bankruptcy Commission, aiming to sell the Bankruptcy Assets which sale proceeds are not expected to cover the expenses of the Liquidation Procedure or the Small Debtors' Liquidation Procedure.

Assets: Movable and immovable assets, intellectual property rights, entitlements due from third parties whether due or not, and any rights attached thereto and other assets which may have current or future financial value.

Bankruptcy Assets: The debtor's Assets on the date of the commencement of any of the Bankruptcy Procedures provided for under this Law or during the process of any of the Bankruptcy Procedures.

Moratorium: The suspension of the right to take or continue any procedure or action or file a claim against the Debtor, its Assets or against the guarantor of the Debtor's Debts during a specific period under the provisions of the Law.

Bankruptcy Debts: The Debts proven to be owed by the Debtor at the commencement date of any Liquidation Procedures provided for under this Law or arising from contracts or liabilities predating the date of commencement of any of such procedures; including the Debts of a Debtor who is a natural person and arising from practicing a Commercial Activity, Professional Activity or any activity aiming to generate profit or any other Debts.

Commercial Activities: Commercial activities as provided for under any relevant laws.

Professional Activity: Activities professionally practiced by a Person, for its own account, pursuant to its expertise, qualifications, talents or skills, without the entry into any employment agreement with the beneficiary which subject him to the beneficiary's subordination, supervision or responsibility.

Bankruptcy Register: A register created, managed and maintained by the Bankruptcy Commission under the provisions hereof.

Judicial Depository: A filing made by the Officeholder – who has agreed with the Small Debtor or the Competent Authority – to deliver to the court a resolution issued by those who have been agreed with to

commence a Small Debtors' Financial Restructuring Procedure or a Small Debtor Liquidation Procedure– in compliance with all the legal requirements - and the acceptance by the Court of such filing.

Proposal: A Proposal of a Protective Settlement Procedure, or Small Debtor's Protective Settlement Procedure, the Financial Restructuring Procedure, or Small Debtors' Financial Restructuring Procedure to be voted thereupon.

Plan: The accepted or ratified Proposal, depending on the type of procedure.

Article 2:

This Law aims to regulate the following Bankruptcy Procedures:

1. Protective Settlement.
2. Financial Restructuring.
3. Liquidation.
4. Small Debtors' Protective Settlement.
5. Small Debtors' Financial Restructuring.
6. Small Debtors' Liquidation.
7. Administrative Liquidation.

Article 3:

1. The following are considered Regulated Entities under this Law:
 - (a) banking companies, financing companies, insurance companies and exchange houses;
 - (b) persons licensed to trade in securities;
 - (c) the Capital Market and the settlement, clearing and deposit companies;
 - (d) credit rating companies;
 - (e) credit information and record companies;
 - (f) telecommunications, water, electricity and gas companies;
 - (g) companies operating in the exploration of energy and mineral resources;
 - (h) companies operating the main activities in airports, railways, ports and the like, as specified in the Regulations;
 - (i) special purpose facilities;
 - (j) any other Person specified in the Regulations.
2. Any application for the initiation of a Bankruptcy Procedure or a Judicial Depository in relation to a Regulated Entity shall not be accepted without the issuance of a favorable decision by the Competent Authority.

3. The Competent Authority shall – after the submission of a complete application - issue a decision approving or rejecting the application, within a period not exceeding thirty (30) days, and approval shall be deemed to have been granted by the Competent Authority if the latter failed to decide within the prescribed timeframe.
4. The Court shall have jurisdiction to hear proceedings arising from the Competent Authority’s decision under paragraph (3) of this Article.

Article 4:

The provisions of this Law shall apply to:

- (a) a natural Person practicing a Commercial Activity or a Professional Activity or any activity with an aim to generate profits in the Kingdom;
- (b) commercial, professional and civil companies, Regulated Entities as well as other entities or establishment with an aim to realize profits, registered in the Kingdom;
- (c) non-Saudi investors, whether natural or corporate Persons, holding assets or practicing a Commercial Activity or a Professional Activity or any activity with an aim to generate profits through a licensed entity in the Kingdom. The Law shall only apply to the investor Assets located in the Kingdom.

Article 5:

The Bankruptcy Procedures aim to achieve the following:

- (a) enable the Bankrupt Debtor or the Distressed Debtor or the Debtor expected to suffer from financial difficulties to benefit from the Bankruptcy Procedures in order to restructure its financial position, maintain its activities with an aim to contribute to the economy and support it;
- (b) consider the Creditor’s Rights and to ensure a fair treatment among the Creditors;
- (c) maximize the value of Bankruptcy Assets, ensure a controlled sale of such assets, and a fair distribution of the sale proceeds to the Creditors upon liquidation;
- (d) reduce procedural costs and timeframe, and increase the efficiency thereof especially in restructuring of the position of the Small Debtors or the sale of the Bankruptcy Assets and the distribution of the sale proceeds among the same in a fair manner within a specified timeframe;
- (e) undertake Administrative Liquidation of the Debtor where the Assets are not expected to cover the costs of the Liquidation Procedure or Small Debtors’ Liquidation Procedure.

Article 6:

The Court shall issue the necessary judgements and decisions to implement the procedures provided for under this Law, oversee the implementation thereof, hear all disputes arising therefrom and impose the penalties and sanctions provided for under the Law.

Article 7:

1. Subject to Article (4) hereof, no person shall be liquidated under any other law unless the Assets of the Debtor are sufficient to cover all its Debts and that such Person is not distressed.

2. If the Debtor undergoes a voluntary dissolution in violation of the provisions of Paragraph (1) of this Article, the members of Debtor's board of directors or the members of its board of managers, and the like, shall be jointly liable for any outstanding Debts of the Debtor.
3. It is prohibited to include the Debtor's voluntary liquidation item on the agenda of the general assembly or the shareholders' assembly in violation of Paragraph (1) of this Article.
4. The Regulations shall specify the provisions necessary for the implementation of this Article.

Article 8:

The Regulations shall set out the special provisions pertaining to cross border Bankruptcy procedures.

Chapter Two: Bankruptcy Commission

Establishing an Bankruptcy Commission and Determining the Functions Thereof

Article 9:

1. Pursuant to a Council of Ministers' resolution, a commission titled "Bankruptcy Commission " shall be formed comprising five (5) or more experienced and qualified members, as nominated by the Minister, for a three (3) year renewable term. The Commission shall possess a corporate personality and be financially and administratively independent, under the supervision of the Minister.
2. The Bankruptcy Commission, in addition to the technical and administrative functions provided for herein, shall have the following competences:
 - (a) establishing and managing the Bankruptcy Register;
 - (b) licensing Bankruptcy Officeholders and experts in accordance with the Regulations;
 - (c) preparing a Bankruptcy Officeholders and experts list in accordance with the Regulations;
 - (d) issuing the rules governing the work of Bankruptcy Officeholders and experts;
 - (e) conducting inspections and verifications in respect of any Bankruptcy Procedures implemented in accordance with the provisions hereof;
 - (f) submitting its recommendations to the minister regarding updating the list of Regulated Entities, in coordination with the competent authorities;
 - (g) setting out the Small Debtors criterias in coordination with the General Authority for Small and Medium Enterprises;
 - (h) determining the minimum Debt amount of the Debt that gives Creditors the right to request the initiation of liquidation procedures;
 - (i) managing Administrative Liquidation Procedures;
 - (j) establishing, maintaining and managing the register provided for in Article (204) (2) hereof;
 - (k) issuing the forms and documents provided for in the Regulations and Rules;
 - (l) organizing and sponsoring initiatives to increase awareness about the Law;
 - (m) making the necessary Proposals to enhance the effective implementation and development of the provisions hereof, including conducting studies and research;
 - (n) conducting activities and participating in the events relevant to its competences;
 - (o) conducting periodic reviews of the provisions of the Law and its Regulations, as well as the relevant rules and instructions, and propose any amendments to the Minister in coordination with the competent authorities;
 - (p) provisions of consultations, services and training with or without a consideration.
 - (q) conducting any other competences specified in the Regulations or in the formation decision.

Article 10:

1. Bankruptcy Commission's rules and work procedures shall be issued by a ministerial resolution, and shall include:
 - (a) rules and regulations for convening its meetings, voting on its decisions, preparing its meeting minutes and the like;
 - (b) establishing a general secretariat for the Commission and defining its duties, work rules and procedures.
2. The Commission shall submit periodic reports to the Minister on its activities, achievements, difficulties encountered, and any relevant suggestions enabling it to efficiently undertake its functions and duties.

Article 11:

In the performance of its functions, the Bankruptcy Commission may:

- (a) seek assistance from those having experience in financial, regulatory and other fields;
- (b) vest its executive and administrative powers to whom it deems appropriate.

Commission s' Resources:

Article 12:

1. The Ministry undertakes to provide the Bankruptcy Commission with the financial resources necessary to perform its functions and duties, including the remunerations of Commission members and allocations for entering into contracts with experts, specialists and employees, as well as providing them with suitable premises.
2. The Bankruptcy Commission shall be entitled to receive financial consideration for the issuing of licenses and the provision of its services and business, or for the evaluation of activities. The Minister shall determine such consideration and methods of payment.
3. The Commission shall deposit its cash funds in its own name in one or more local banks, and shall use said funds to pay for its works, secretariat and employees in accordance with administrative and financial regulations to be established by the Commission for this purpose and approved by the Minister.

Chapter Three: Protective Settlement Procedure

Application for the Commencement of Protective Settlement Procedures

Article 13:

1. Without prejudice to any provisions of related regulations, the Debtor may file with the Court an application form for the commencement of a Protective Settlement Procedure in any of the following cases:
 - (a) if he is more likely to suffer financial difficulties leading to Distress;
 - (b) if Distressed;
 - (c) if Bankrupt.

2. A Debtor may not file an application for the commencement of a Protective Settlement Procedure if the Debtor has already been subject to such procedure or to a Small Debtors' Protective Settlement Procedure during the twelve (12) months preceding the application to commence this procedure.

Article 14:

1. The application request for the commencement of a Protective Settlement Procedure shall be registered with the Court after filing such request together with the Proposal, information and related documents in accordance with the provisions of the Regulations.
2. The Proposal must include background information on the financial position of the Debtor, the effects of the economic situation thereon and classification of Creditors into categories in accordance with the provisions of Article (29) hereof.

Court's Powers in the Commencement of a Protective Settlement Procedure

Article 15:

1. The Court shall set a date for considering the application for the commencement of a Protective Settlement Procedure, provided that the date should be within forty (40) days from the date of registration of the said application. The Court shall notify the Debtor of the hearing date within five (5) days from the date of registering the application. The Court shall decide on any of the following:

(a) Commencement of the Procedure if:

- (i) the Debtor's activities are likely to continue, and the Creditors' claims will be settled within a reasonable timeframe;
- (ii) the Debtor is Distressed, Bankrupt or is likely to suffer financial difficulties leading to Distress;
- (iii) the Debtor submits the information and documents referred to in Article (14) hereof;
- (iv) the Debtor has classified with due care the Creditors into categories, in a fair manner.

(b) Rejection of the application in the following cases if:

- (i) the application does not satisfy legal requirements or is incomplete without legal justification;
- (ii) the applicant acted in bad faith or commits any of the offenses provided for under the Law.

If the application is rejected, the Court may order the commencement of another suitable Bankruptcy Procedure.

(c) Adjourn the hearing for a period not to exceed twenty-one (21) days for any of the following reasons:

- (i) the submission of any additional information or documents requested by the Court from the Debtor;
- (ii) the Court requesting the Debtor to amend Creditor classifications as stated in the Proposal to ensure that such classification is fair.

The Debtor shall provide the Court with the relevant information or documentation or evidence of the amendment of Creditors classification on the date set by the Court, prior to the date of the adjourned hearing, and the Court should either order the commencement of the Procedure or reject the application in accordance with the provisions of this Article.

2. The Court may, at its own discretion, or upon the request of the Debtor or any of the Creditors, summon to attend its hearing any Person holding information or documents relevant to the application request for the commencement of the procedure, and the summoned Person shall provide the Court with the necessary information or documents.
3. The Debtor shall notify the Creditors specified in the Proposal of the Court judgement as per the requirements of the Regulations, and shall deposit a copy of the Court judgment at the Bankruptcy Register.

Article 16:

1. In the judgment ordering the commencement of the Protective Settlement Procedure, the Court shall determine the date on which the Creditors shall vote on the Proposal. Such date should be within no later than forty (40) days from the commencement date of the Procedure, unless the Court decides at its sole discretion, to set a further date thereafter which shall be within no later than an additional period of forty (40) days.
2. The Debtor shall publish the commencement of the Procedures within seven (7) days from the date of the issuance of the Court's judgement in that regard.

Moratorium

Article 17:

Upon applying for the commencement of a Protective Settlement Procedure, the Debtor may request the Court to order a Moratorium, provided that the Debtor request must be accompanied with a report signed by an Officeholder, registered in the Officeholder's List stating that, in his opinion, the Protective Settlement Proposal will likely be approved by the majority of the Creditors and is capable of being implemented.

Article 18:

1. Without prejudice to the provisions of Chapter Fourteen of the Law, the Court may order a Moratorium for a period not exceeding ninety (90) days at the request of the Debtor from the date of ordering the commencement of the procedure and may extend such period to thirty (30) days for one or more times at the request of the Debtor. In all circumstances, the duration of a Moratorium should not exceed one hundred and eighty (180) days.
2. A Moratorium shall expire upon the lapse of the period specified in paragraph (1) of this Article or at an earlier date by the Court's ratification of the Proposal or termination of the Procedure.

Article 19:

The Debtor undertakes to notify the Creditors of the Court's decision ordering a Claim Moratorium immediately upon the issuance of the decision, and to exercise the necessary and further undertakes to exert the due effort in convincing the Creditors to vote in favor the Proposal during the Moratorium.

Effects of a Moratorium

Article 20:

1. During a Moratorium, it is not permitted to take or complete any of the following Procedures or actions:
 - (a) any procedure, action or disposal against the Debtor or its Assets, including filing any application for the commencement of any Bankruptcy Procedures;
 - (b) any enforcement procedure over any Bankruptcy Assets provided as security interest, except with the consent of the Court;
 - (c) any action or disposition against the personal guarantor or the in-kind guarantor of the Debtor's Debt, except with the consent of the Court.
 - (d) any of the procedures or actions provided for in the Regulations.
2. Any action contrary to the provision of paragraph (1) of this Article shall be null and void.
3. The Court may, at its sole discretion or at the request of a Person with interest, order to recover any Assets disposed of during the period of the Moratorium or take any other appropriate action, taking into account the rights of the third parties (in good faith). The person suffering from any harm may file a claim for compensation.

Article 21:

1. During the Moratorium period, the Court shall approve the enforcement application over any of the Bankruptcy Assets or the Assets of the Debtor's guarantor provided as security interest in the following two cases:
 - (a) If the enforcement does not affect the ability of the Debtor to continue its activity, or does not affect the ability of the Debtor to obtain the Creditors and the Owners' consent on the Proposal.
 - (b) If the rejection of such application could cause serious damages to the secured creditor where the Debtor will be unable to compensate for, and where such damage outweighs the damages that would be affect the Debtor and the other Creditors.
2. During the Moratorium period, and in accordance with the Regulations, the Court shall consider the application of a Creditor whose majority funds are in the possession of the Debtor.
3. As an exception to Article (18), the Court may, at the request of a party with interest, suspend the Claim Moratorium for specific claims, in respect of which an action has been taken prior to the Claim Moratorium, if the Court finds that such an action will be in the interest of the Debtor and the majority of Creditors.

Contracts

Article 22:

Without prejudice to the provisions of Chapter Fourteen of this Law, the registration of an application for the commencement of a Protective Settlement Procedure or the commencement of such procedure, shall not render due any undue debts neither should any undue payments under a contract become due. Any condition to the contrary shall be deemed as null and void.

Article 23:

Without prejudice to the provisions of Chapter Fourteen of the Law, the registration of an application for the commencement of a Protective Settlement Procedure or the commencement of such procedures shall not have any effects on any contract to which the Debtor is a party. Any condition to the contrary shall be deemed as null and void.

Article 24:

1. The Contracts to which the Debtor is a party shall remain valid, regardless of the commencement of the Protective Settlement Procedure. The counterparty shall be obliged to perform the contractual obligations after the commencement of such procedure provided that the Debtor continues to satisfy all the obligations arising after the commencement of the Procedure. Any Debtor's obligations which have not been met prior to the commencement of the Procedure shall be included in the claims list.
2. If after the commencement of the Procedure, the Debtor fails to satisfy its obligations under contracts to which he is party pursuant to Paragraph (1) of this Article, the Court may, at the request of the counterparty, terminate the contract and discharge the counterparty from its contractual obligations without prejudice to the rights of such counterparty.
3. The Debtor shall exert due care to ensure the satisfaction of its contractual obligations arising after the commencement of the Procedure, including the immediate performance of such obligations or provide alternative guarantees to guaranteeing the counterparty's rights upon its fulfillment of its obligations as specified in the Regulations.
4. The Debtor must perform its obligations arising after the commencement of the Procedure on the due dates unless otherwise agreed with the counterparty.

Article 25:

1. The Court may, upon the request of the Debtor during a court hearing notified to the counterparty, terminate any contract to which the Debtor is a party to if such termination is necessary to protect the Debtor's activity and if such termination is in the interest of the majority of the Creditors, provided that such termination should not cause serious damage to the counterparty and that such court order must be notified to the counterparty, if the latter did not attend the court hearing. The Regulations shall specify the relevant mechanism thereof.
2. As an exception to Paragraph (1) above, no contracts with security interests shall be terminated, including pledge agreements, except in accordance with the provisions of the Law or the relevant Regulations.

Article 26:

1. The provisions of Articles (22) through (25) of the Law shall not apply to government tenders and procurements entered between governmental authorities and the Debtor.
2. The provisions of Articles (23) through (25) of the Law shall not apply to financing contracts entered into between banking or financing companies and the Debtor.

Proposal Vote

Article 27:

The Proposal shall be only voted upon by the Creditor or the Owner whose statutory or contractual rights will be affected by such Proposal as determined by the Regulations.

Article 28:

Without prejudice to provisions of Article (16) hereof, if the Proposal would affect the Owners' rights, then the Debtor must invite them to vote thereon in accordance with the provisions of the relevant regulations, provided that their voting precedes the vote of the Creditors.

Article 29:

If there are numerous Creditors with Debts or rights of different nature, then the Debtor must classify them into categories as stipulated in the Regulations.

Article 30:

1. If there were Creditors disputed claims, then an expert shall be appointed from among the Expert's List approved by the Court, to estimate the value of such claims, for inclusion in the Proposal to be subject of the voted.
2. Subject to Court approval, the Proposal shall include Creditors' claims which have not been listed in the Proposal for reasons attributable to the Debtor.

Article 31:

1. Creditors shall vote on the Proposal in accordance with the Procedures set forth therein and after the Owners (if any) have voted to accept the same in accordance with Article (28) hereof.
2. The Proposal shall be deemed approved if approved by each class of Creditors. A class of Creditors shall be deemed to have approved the Proposal, if the Creditors whose claims represent two-thirds of the value of Debts owed to voters in the same class and such voting class included Creditors whose claims represent more than half of the non-Related Party's Debts (if any).
3. The Regulations shall specify the mechanism necessary to manage the voting process referred to in paragraph (1) of this Article.
4. Upon the completion of the voting process, the Debtor shall notify the Creditors and the Owners of the voting result and shall deposit the results with the Court.
5. If the vote of the Creditors on the Proposal did not take place at the time scheduled by the Court, then the Court shall, at its discretion, decide as it deems appropriate to postpone the voting to a later date or terminate the Procedure.
6. The Regulations shall specify the mechanisms required for modifying the Plan.

Application for the Court to Ratify the Proposal

Article 32:

If the Creditors accept the Proposal, then the Debtor must request that the Court ratifies it and, prior to submitting its application, must inform the Creditors accordingly. The Court shall set a date for the ratification hearing.

Article 33:

The commencement of a Protective Settlement Procedure and the ratification of the Proposal shall not relieve the Debtor of any of the obligations relating to its activity under any other regulations.

Ratification of the Proposal**Article 34:**

1. The Court shall ratify the Proposal after verifying that it has been accepted by the Creditors and is in compliance the standards of fairness.
2. The Creditor shall have the right to object to the Proposal before the Court at the ratification hearing on the grounds of breach of the standards of fairness if such Creditor has voted against such Proposal and reasonably believes that the Proposal is prejudicial to its position.

Article 35:

The Proposal shall be in compliance with the standards of fairness if the following conditions are met:

- (a) the Creditors' voting procedures have been complied with;
- (b) the Creditors have received sufficient information to study the Proposal and the alternatives available to the Debtor compared to the items contained in the Proposal;
- (c) observing the existing rights of Creditors, especially in respect of sharing the losses and the distribution of new rights, benefits and security interest.

Notification and Deposit**Article 36:**

Immediately upon ratification of the Proposal by the Court, the Debtor shall notify the Creditors of the ratification and shall file a copy thereof with the Bankruptcy Register.

Effects of the Court's Ratification of the Proposal**Article 37:**

The Plan shall be binding upon the Debtor, the Creditors and the Owners, and the Debtor must complete the procedures provided for by the relevant regulations.

Termination of the Procedure**Article 38:**

Upon full implementation of the Plan, the Debtor undertakes to apply to the Court to rule out terminating the Protective Settlement Procedure. The application must be accompanied by the information and documents provided for in the Regulations, and the Debtor must notify the Creditors of this application prior to its submission to the Court.

Each party having interest shall have the right to object to this application before the Court within fourteen (14) days from the date of submission of the application by the Debtor.

Article 39:

The Court may terminate the Protective Settlement Procedure in any of the following cases:

- (a) if the Debtor's submits a termination application to the Court following the completion of the Plan implementation;
- (b) if the required voting quorum is not met by the Owners or Creditors on the Proposal, or if it was not possible for the Owners or Creditors to vote on the Proposal at the specified time, without prejudice to Article (31) (5) hereof;
- (c) if the Court refuses to ratify the Proposal;
- (d) if the Debtor's submits a termination application if the conditions for commencement of the procedure do no longer apply to the Debtor;
- (e) if the Debtor or the Creditor submits a request to terminate the procedure due a failure to implement the Plan;
- (f) if the Debtor submits an application to terminate the procedure due to its intent not to continue its activities or to continue the implementation of the Plan;
- (g) if a party having interest submits an application requesting the termination of the procedure due to material breaches during the procedure or due to the Debtor committing any of the offences prohibited under the Law.

Article 40:

The Debtor shall file the judgement ordering the termination of the procedure with the Bankruptcy Register within no later than five (5) days.

Article 41:

The Court shall, at its discretion or at the request of the Debtor or any of the Creditors, order the commencement of another appropriate Bankruptcy Procedure if the following conditions are met:

- (a) the Debtor is Distressed or Bankrupt;
- (b) the conditions required for the commencement of the appropriate Bankruptcy Procedure are met;
- (c) the termination of the Protective Settlement Procedure must be based on paragraph (b), paragraph (c), paragraph (e), paragraph (f) or paragraph (g) of Article (39) of the Law.

Chapter Four: Financial Restructuring Procedure

Conditions for Commencement of Procedure

Article 42:

1. Without prejudice to the provisions of the relevant laws, the Debtor, the Creditor or the Competent Authority may apply to the Court for the commencement of a Financial Restructuring Procedure in any of the following cases:
 - (a) if it is more likely that the Debtor will suffer financial or economic difficulties leading to distress;
 - (b) if the Debtor is Distressed;
 - (c) if the Debtor is Bankrupt.
2. An application for the commencement of a Financial Restructuring Procedure may not be made if the Debtor has been subjected to such Procedure or to Small Debtor's Financial Restructuring Procedure during the twelve (12) months preceding the commencement application form.

Article 43:

The application for the commencement of a Financial Restructuring Procedure shall be registered with the Court after submitting the application accompanied by the relevant information and documents as specified in the Regulations.

Article 44:

If a request for the commencement of a Financial Restructuring Procedure is made by a person other than the Debtor, then the Court must notify the Debtor thereof within a period not exceeding five (5) days from the date of the submission of the request. The Debtor may object to the application before the Court at the scheduled hearing, in any of the following cases:

- (a) if the conditions for the commencement of the procedure are not applicable;
- (b) if the Debt is disputed;
- (c) if the Creditor aims to abuse the procedure.

The Court shall be entitled to order the Debtor to submit information and documents as specified in the Regulations.

Article 45:

The Debtor, Owner, manager, responsible, board member or auditor shall be exempt from implementing the provisions of the Companies' Law with regard to company's losses reaching a specific percentage as specified in that Law and in the manner specified in the Regulations.

Moratorium

Article 46:

1. The filing of an application for the commencement of a Financial Restructuring Procedure or the commencement of such Procedure shall result in a Claim Moratorium for (180) days; and the Court shall, at

its own discretion or at the request of a debtor or the Officeholder extend Claim Moratorium no more than (180) days.

2. The moratorium shall terminate by the elapse of the period specified in paragraph (1) of this Article or before that if the commencement application is rejected, or when the Court ratifies the Proposal or the termination of the procedure is ordered at a prior date.

Commencement of Procedure

Article 47:

1. A Financial Restructuring Procedure shall commence by virtue of a Court order pursuant to Article (41) of the Law, or pursuant to paragraph (2) of this Article.
2. The Court shall set a date for considering the application for the commencement of a Financial Restructuring Procedure, provided that the date should be within forty (40) days from the date of registration of said application. The Court shall notify the applicant and the Debtor of the hearing date within five (5) days from the date of registering the application. The Court shall decide on any of the following:
 - (a) Commencement of the Procedure if:
 - (i) the Debtor's activities are likely to continue and the Creditors' claims will be settled within a reasonable timeframe;
 - (ii) the Debtor is Distressed, Bankrupt or is likely to suffer financial difficulties leading to Distress;
 - (iii) the Debtor submits the information and documents referred to in Article (43) hereof.
 - (b) Rejection of the application in the following cases if:
 - (i) the application does not satisfy legal requirements or is incomplete without legal justification;
 - (ii) the applicant acted in bad faith or commits any of the offenses provided for under the Law.

If the application is rejected, the Court may order the commencement of another suitable Bankruptcy Procedure.
 - (c) Adjourn the hearing for a period not to exceed twenty-one (21) days for the submission of any additional information or documents requested by the Court from the Debtor. The Debtor shall provide the Court with the relevant information or documentation on the date set by the Court, prior to the date of the adjourned hearing, and the Court should either order the commencement of the Procedure or reject the application in accordance with the provisions of this Articles.
3. The Court shall notify the Debtor - who failed to attend the hearing – of its judgment within five (5) days from the date of its issuance.

General Powers of the Court

Article 48:

The Court may, at its own discretion, or upon the request of any person who has interest, summon to attend its hearing any Person holding information or documents relevant to the application request for the commencement of the Financial Restructuring Procedure, and the summoned Person shall provide the Court with the necessary information or documents within the specified timeframe.

Article 49:

1. The Court may order that an Asset be subjected to a Financial Restructuring Procedure, if the Debtor jointly owns such Asset with another Person and it is not possible to divide said Asset between them, without prejudice to the rights of the Debtors' Creditors and the Creditors of the co-owner of such Asset.
2. The Court may order that another Person be subjected to the procedure if the subjection of such other person – who is subject to the conditions of commencement of the procedure – to the procedure represents an interest to the Debtor and to this such Person, and if undergoing the procedures by each of them dependently will be costly and un-feasible and provided that the rights of the Debtor's Creditors and to the Creditors of the other Person must be protected.

The Consequences of the Commencement of the Procedure

(Appointment of Officeholder, Expert and Supervisory Judge, their Powers)

Article 50:

1. In its judgment ordering the commencement of Financial Restructuring Procedures, the Court shall appoint an Officeholder from among those listed in the list of Officeholders' List. The applicant for the commencement of the Financial Restructuring Procedure may suggest to the Court the name of the Officeholder that he desires to be appointed from among those on the list.
2. The financial capabilities, qualifications of the Officeholder and those of the team must be considered for the appointment of the Officeholder.
3. The Officeholder must exercise the necessary duty of care to safeguard the interests of Creditors.
4. Without prejudice to Paragraph 2 of this Article, the Officeholder may, after obtaining Court approval, delegate some of the functions to one of those listed on the Officeholders List or Experts List in order to carry out the task assigned to him, if necessary, provided that the functions entrusted to said delegate are carefully described in the Court's order.
5. The Court may, when necessary, appoint more than one Officeholder to jointly act in accordance with the Law and the Court's instructions, provided that the Court should appoint a Chairperson among them. All Officeholders shall be jointly liable for their actions. The Regulations shall set out the mechanisms of their duties.
6. The Officeholder shall deposit a copy of the Court's judgment ordering the commencement of the procedure and his appointment in the Bankruptcy Register.

Article 51:

The Court may, at the request of the Officeholder, appoint an expert from those listed in the Expert's List or others to assist the Officeholder in the performance of its duties.

Article 52:

1. None of the following may be appointed as an Officeholder or an expert:
 - (a) the Debtor's Creditor, spouse, son-in-law or relative down to the fourth degree;
 - (b) the Debtor's partner, employee, auditor or agent during the two years preceding the commencement of procedure.
2. Prior to its appointment, the Officeholder or expert must disclose to the Court his relationship with the Debtor and Creditors, and must disclose his relationship with the Creditors on submitting the statement of claims to the Court.
3. If the expert or Officeholder violates the provisions of paragraph (2) of this Article, he shall be terminated without the right to receive any fees.

Article 53:

The Court, at its sole discretion, may appoint one or more judges to supervise the Financial Restructuring Procedure, and shall determine his/their duties.

Article 54:

1. The Court may, at its sole discretion or at the request of a person with interest, dismiss the Officeholder and appoint a new Officeholder from among those listed on the Officeholders' List or dismiss the expert and appoint a new one from among those listed on the Experts' List or others, for legitimate cause, without prejudicing their rights or obligations.
2. A Officeholder or an expert may not resign from his duty after his appointment without legitimate cause acceptable to the Court, and without prejudice to his rights and obligations.

Article 55:

The Regulations shall specify the mechanism for determining the fees of the Officeholder, the expert and any related expenses.

Publication of the Commencement of the Procedure**Article 56:**

1. A Officeholder shall, within seven (7) days from the date of his appointment, in the method prescribed in the Regulations, publish the Court's decision to commence the Financial Restructuring Procedure and invite the Creditors to submit their claims within a period not exceeding ninety (90) days from the date of the publication.
2. The Officeholder shall notify the Creditors known to him of said Court judgment and invite them to submit their claims within a period not to exceed ninety (90) days from the date of notification.

Supervision of Procedures**Article 57:**

The Officeholder shall supervise the activity of the Debtor during the Financial Restructuring Procedure period to verify the fairness of the Procedure, and implement the Plan in such way as to ensure speed of performance

and provide the necessary protection to the interests of those affected by the procedure in accordance with the provisions of the Law.

Article 58:

1. During the period of the Financial Restructuring Procedure, in addition to the original duties and powers provided for in this Law and the Regulations, the Officeholder shall have the following duties and powers:
 - (a) verify the soundness of the Debtor's management of its activities and to monitor Debtor's financial operations;
 - (b) attend litigation hearings, Creditors meetings and meetings on other matters related to the Debtor and the procedure;
 - (c) carry out any ancillary or incidental actions to his original functions and powers;
 - (d) perform the duties entrusted to him by the Court;
 - (e) perform any other duties under the Regulations.
2. In carrying out his duties and responsibilities, the Officeholder must be trustworthy and honest.

Article 59:

1. An Officeholder shall have the right to access all the Debtors information or documents held by the Court. The Debtor shall also provide the Officeholder with any additional information or documents as soon as he becomes aware of such information, as well as the amounts owed by the Debtor to third parties but undisclosed to the Court, any contracts, or judicial proceedings to which he is a party to.
2. The Officeholder shall have the right to obtain and maintain all information and documents relating to the Bankruptcy Assets, the licenses pertaining to the Debtor's activity and any other information or documents relevant to the Debtor's activity.
3. The Officeholder may request that the Creditor submits additional information or documents in support of his claim or that amends the nature or amount of the Debt.
4. A Officeholder shall have the right to obtain any information about the Debtor's activities or Bankruptcy Assets from public and private entities, to the extent necessary to enable him to perform his duties, including documents and the Debtor's bank and investment account statements. Any person holding such information must disclose the same.
5. Disclosure by the Officeholder of the information referred to in paragraph (4) of this Article shall not be considered a violation of the confidentiality of such information. The Officeholder is obliged to preserve the confidentiality of such information and documents.

Contracts

Article 60:

1. Upon being appointed, the Debtor shall submit to the Officeholder a detailed list of existing and valid contracts and any data relevant thereto, in addition to copies of those contracts together with a report

identifying which contracts continue and which contracts should be terminate along with the justification for such choice.

2. The Officeholder may request from the Debtor any information or documents in connection with the contracts mentioned in paragraph (1) of this Article and the Debtor shall be obliged to provide the Officeholder with such information and documents within a reasonable period to be determined by the Officeholder.
3. The Officeholder shall carefully examine the list of contracts, information and documents submitted to him under paragraphs (1) and (2) of this Article.

Article 61:

1. After examining the list of contracts submitted by the Debtor and the related, information and documents, the Officeholder may issue - within sixty (60) days from the commencement date of the Financial Restructuring Procedure - a decision terminating any contract entered into by the Debtor if such termination is necessary to implement the Proposal (after its ratification) and to protect the interests of the majority of Creditors, provided that such termination does not cause material damage to the counterparty, even if there is a provision to contrary in the contract.

Such termination must be made by virtue of written notification to the counterparty. The contract shall be deemed as terminated after the lapse of thirty (30) days from the date of notification unless the Officeholder and the counterparty agree on a shorter period.

The Officeholder may request the Court to extend the period during which he is entitled to decide on the termination of any contract for a period not exceeding thirty (30) days, provided that this is necessary in view of the volume and nature of the Debtor's activities.

2. Notwithstanding the provisions of paragraph (1) of this Article, after examining the list of contracts submitted by the Debtor and the related information and documents, the Officeholder may issue- within sixty (60) days from the commencement date of the Financial Restructuring Procedure - a decision terminating any lease contract for properties where the Debtor practices its activity if such termination is necessary to implement the Proposal (after its ratification) and to protect the interests of the majority of Creditors,, even if there is a provision to contrary in the contract.

Such termination must be made by virtue of written notification to the counterparty. The contract shall be deemed as terminated after the lapse of ninety (90) days from the date of notification unless the contract provides for a shorter period.

The Officeholder may request the Court to extend the period during which he is entitled to decide on the termination of any contract for a period not exceeding thirty (30) days, provided that such action is necessary given the number of properties from which the Debtor is exercising its activity.

3. The termination by the Officeholder of any contract entered into by the Debtor with a counterpart under paragraph (1) or paragraph (2) of this Article, shall not prejudice the rights of that counterparty including the right to make a claim to the Officeholder for any damage incurred as a result of such termination for submission as part of the Proposal- to be voted upon.
4. If the counterparty contracting the Debtor objects to the Officeholders' decision to terminate his contract, the Court shall consider such objection in accordance with the provisions of Article (62) of the Law.

5. If the Officeholder does not issue a decision to terminate any contract in accordance with paragraph (1) and (2) of this Article, the Debtor shall be obliged to perform the provisions of the contract unless modified or affected by the Plan.
6. The Officeholder may sub-lease to a third-party the property leased by the Debtor or part thereof, even if the contract provides otherwise. The Debtor must ensure that the property is preserved and must fulfill rental obligations under the terms of the contract.
7. Contracts in relation to government tenders and procurement entered into between a governmental authority the Debtor shall not be subject to the provisions of this Article, as well as Articles (22), (23), (24) and (60) of the Law.
8. Financing contracts entered into by banking or financing companies with the Debtor shall be not be subject to the provisions of this Article as well as Articles (23), (24) and (60) of the Law.

Article 62:

The Court shall consider the submitted objection of the counterparty - in accordance with paragraph (4) of Article (61) of the Law - and shall accept the objection if it is evidenced that:

- (a) the termination of the contract – pursuant to paragraph (1) of Article (61) of the Law - is not necessary for the implementation of the Proposal after its ratification and for safeguarding the interests of the majority of Creditors, and results in material damage to the contracting party;
- (b) the termination of the contract – pursuant to paragraph (2) of Article sixty-one (61) of the Law - is not necessary to implement the Proposal after its ratification and for safeguarding the interests of the majority of Creditors.

Submission of Claims

Article 63:

1. Any Creditor whose Debt has been established prior to the Court judgment ordering the commencement of the Financial Restructuring Procedure, must submit to the Officeholder - within the period specified in Article (56) of the Law - any due, future or conditionally suspended or potential claims etc. that may have current or future financial value. The Creditor must attach to its claim the documents and information provided for in the Regulations, a statement of the value of its claim on the date the Court issued its decision to commence the Procedure, the Debt that is not yet due, the due date thereof and any other document supporting his claim. The Creditor must also determine if his claim is secured and the nature of such security interest.
2. If the value of the claim is not precisely specified, then the Creditor must submit the claim at an estimated value and the Officeholder shall verify the actual value thereof.

Non-Submission of Claims

Article 64:

Any Creditor whose claim has not been submitted within the period specified under Article (56) of the Law shall be excluded from the voting on the Proposal unless he proves to the Court before the vote takes place that:

- (a) he filed his claim but such claim did not reach the Officeholder for reasons beyond his control;
- (b) the Debtor omitted his claim from the list submitted to the Officeholder;

- (c) the Officeholder omitted his claim from the list submitted to the Court.

Inventory of Debtor's Bankruptcy Assets

Article 65:

The Officeholder shall prepare an inventory of Bankruptcy Assets, including details pertaining thereto and any security interests associated therewith, a list of those Bankruptcy Assets in the possession of the Debtor, and those that are subject to third party claims, and other pertinent information. The Officeholder must provide the Court with a copy of such inventory list.

Article 66:

A Debtor who is a natural person shall be entitled to retain out of the Bankruptcy Assets, what is reasonably required to provide him and his dependents with the necessary financial support to maintain a reasonable standard of living. The Court shall determine the sufficient amount based on the Officeholders' recommendation. The Debtor undertakes to assist the Officeholder in the determination of Assets in his possession to evaluate those that may be retained by the Debtor. Assets retained for this purpose shall not be included in the Proposal.

Third Party Assets

Article 67:

Any third party whose assets are in the possession of the Debtor or attached by the Debtor shall provide the Officeholder with any relevant details pertaining thereto, and may file a request with the Court to recover those assets supported by relevant title documents. The Officeholder may express its opinion to the Court on this matter.

Creditors Statement of Claims

Article 68:

1. The Officeholder shall prepare a list of the Creditors' claims on the basis of the information submitted to him in accordance with the Regulations, and submit such claims to the Court within fourteen (14) days of the expiry of the period specified for the submission of claims for approval. The list must include the following:
 - (a) Creditor's address and claim amount;
 - (b) identify the secured Creditors, the details of the security interest held by the secured Creditors, in addition to an estimate of the value of assets subject of such security interests;
 - (c) Debts that may be set off;
 - (d) the recommendation on each submitted claim: accept, reject or refer to an expert;
 - (e) any other requirements provided for under the Regulations.
2. Within five (5) days from the date of submission of the statement of claims to the Court, the Officeholder must notify the Creditor whose claim received a recommendation for rejection or referral to an expert. The Creditor in this case is entitled to apply to the Court and request that its claim be reviewed. If the Court considers accepting the claim or part thereof, then the Court shall include such claim in the statement of claim for voting purposes

3. Upon the request of the Officeholder, the Court may extend the deadline for the submission of the list referred to in Paragraph (1) of this Article if needed.
4. The Creditors shall have the right to access to the statement of claim approved by the Court.

Article 69:

1. Without prejudice to the Officeholder's powers and duties, the Debtor shall continue to manage its business and activities during the period of the Financial Restructuring Procedure under the Officeholder's supervision.
2. If during the procedure, the Debtor or any of its officers commits any act of negligence, mismanagement, lack of cooperation with the Officeholder, or any of the offenses provided for herein, then the Officeholder may request the Court to remove the Debtor from the management provided that the Officeholder expresses his opinion and the Creditor's committee (if any) about the continuation of the procedure. Accordingly, the Court may decide to:
 - (a) assign the Officeholder instead of the Debtor to manage the activities and transfer of all the Debtor's powers and responsibilities to the Officeholder during the validity of the procedure. The Officeholder may seek assistance from whomever it deems appropriate to assist in the management of the Debtor's business;
 - (b) appoint another person to replace the Debtor in managing the activities if the volume or type of the activity so requires, and the transfer of all Debtor's powers and responsibilities during the period of the procedure, provided that the designated person fulfils the Debtor's obligations towards the Officeholder. If the appointee is a corporate person, it shall appoint a natural person as its representative;
 - (c) terminate the procedure and commence the Debtor's Liquidation Procedure if it deems it necessary;
 - (d) make any other decision as stipulated in the Regulations.
3. In the event that the Debtor decides not to continue to manage its activities during the course of the procedure for any reason whatsoever based on a signed application to that effect, the Officeholder may then submit a request to the Court to implement Paragraph (2) of this Article.

Protection of Activities

Article 70:

1. Without prejudice to the relevant regulations, from the date of commencement of the Financial Restructuring Procedure until the Proposal is ratified, the Debtor must obtain written approval from the Officeholder when carrying out any of the following actions:
 - (a) preparing the Proposal and implementing its procedures, including inviting Creditors to vote thereon;
 - (b) requesting funding;
 - (c) repayment of due or outstanding Debts;
 - (d) signing a new insurance contract entailing new obligations upon him;

- (e) evicting any of the leased Bankruptcy Assets and signing any lease contract necessary or beneficial for its business;
 - (f) concluding any agreement or settlement with one or more Creditors;
 - (g) providing or renewing any security interest in favor of third parties;
 - (h) changing any of Debtor's registered premises or office;
 - (i) voting on a Proposal of any debtor of the Debtor under any of the Bankruptcy Procedures entailing waiving any of the Debtor's rights;
 - (j) concluding a contract for the provision of legal, accounting or other consultancy services to assist him in the financial restructuring of its activities;
 - (k) filing lawsuits or litigating in any proceeding before judicial, quasi-judicial and arbitration bodies;
 - (l) appointing an agent to act on its behalf, except if such appointment falls within the scope of ordinary course of business;
 - (m) establishing a subsidiary or purchasing shares or interests in another company;
 - (n) transferring ownership of all or some of his businesses or assets outside the normal course of business;
 - (o) requesting the termination of the procedure under paragraph (a) or (f) of Article (87) of the Law;
 - (p) any other actions as stipulated in the Regulations.
2. The Debtor's compliance with the terms of Paragraph (1) of this Article shall not relieve him from any obligations provided herein and in other relevant Laws.
 3. In discharging its powers and functions, the Officeholder shall exert due care in carrying out its duties and powers, and shall not be liable to third parties for any loss or damage resulting from its consent to any of the Debtor's actions set out under paragraph (1) of this Article.

Prohibition of Disposal of Assets

Article 71:

If the Debtor disposes of any of the Bankruptcy Assets beyond the scope of its ordinary course of business in violation of the provisions of paragraph (1/n) of Article (70) hereof, then the Court may decide – based upon a request from an interested person – to annul his action, recover the Assets or take any other actions it may deem appropriate, without prejudice to the rights of third parties (acting in good faith). The person suffering from any harm may file a claim for compensation.

Article 72:

Without prejudice to the rights of secured Creditors, the Officeholder may - during the period from the commencement of the Financial Restructuring Procedure until the ratification of the Proposal - apply to the Court to approve the replacement of a security interest submitted to the Debtor's Creditor with another equivalent security interest when such action is in the interest of the majority of Creditors.

Formation of Creditors' Committee

Article 73:

A Creditors' Committee shall be formed in the circumstances to be specified under the Regulations, which shall specify such committee's functions, duties and work procedures.

Article 74:

If there are numerous Creditors with Debts or rights of different nature, then the Debtor must classify them into categories as stipulated in the Regulations.

Financial Restructuring Proposal**Article 75:**

1. The Debtor shall prepare the Proposal, with the assistance of the Officeholder, within the timeframe determined by the Court in its judgment commencing the Financial Restructuring Procedure.
2. The Proposal shall include a description of the Debtor's financial position, the effects of the economic situation on said position, and the information and documents specified in the Regulations.
3. The Officeholder shall prepare a report expressing its opinion on the chances of approving the Proposal by the Creditors and the enforceability thereof.
4. Without prejudice to the provisions of Chapter Fourteen, the Officeholder may apply to the Court for approval to include in the Proposal a clause to amend any security where necessary to implement the Proposal, provided that the same clause should include a statement giving the affected secured Creditor a guarantee equivalent to its original guarantee.
5. The Officeholder shall notify the secured Creditor of its intention to apply to the Court in accordance with paragraph (4) of this Article, and the Creditor may challenge such request before the Court.
6. A copy of the Proposal shall be deposited by the Officeholder with the Court, and the Court shall set a date for voting on the same. The Officeholder may propose to the Court the time it deems appropriate for voting.

Article 76:

1. The Proposal shall be only voted upon by the Creditor whose statutory or contractual rights will be affected by such Proposal and who has a claim included in the list of admissible claims approved by the Court in accordance with the provisions of Article (68) of the Law.
2. Owners may not vote on the Proposal unless such Proposal will affect their statutory or contractual rights.

Article 77:

1. The Debtor shall, after obtaining the Officeholder approval, notify the Creditors whose claims were accepted by the Court of the date scheduled for voting, at least twenty-one (21) days prior to such date. The notification must be accompanied by a copy of the Proposal or access details to the Proposal through any electronic means as specified by the Regulations. The Debtor must publish the date scheduled for voting on the Proposal through the methods prescribed by the Regulations.

2. If Owners' rights are affected by any part of the Proposal, then the Debtor shall, after obtaining Officeholder approval, notify the affected Owners of the date scheduled for voting, at least twenty-one (21) days prior to such date.

Voting Rights

Article 78:

Notwithstanding the provisions of relevant regulations, the Regulations shall specify the required meeting quorum for the validity of the Owners meeting and the voting quorum for approving the Proposal if the Proposal contains any provisions that may affect the rights of the Owners, subject to the provisions of Article (77) of this Law.

Creditor's Voting Quorum

Article 79:

1. Creditors shall vote on the Proposal in accordance with the Procedures set forth therein.
2. The approval of the Proposal by each class of Creditors is deemed granted if the Creditors whose claims represent two-thirds of the value of Debts owed to voters of the same class approves the Proposal and such voting class includes Creditors whose claims represent more than half of the value of the non-Related Party's Debts (if any).
3. The Regulations shall specify the mechanism necessary to manage the voting process referred to in paragraph (1) of this Article.
4. Upon the completion of the voting process, the Officeholder shall notify the Debtor, the Creditors and the Owners of the voting result and shall deposit the results with the Court.
5. If the vote of the Creditors on the Proposal did not take place at the time scheduled by the Court, then the Court shall, at its discretion, decide as it deems appropriate to postpone the voting to a later date or to terminate of the Procedure.
6. The Regulations shall specify the mechanisms required for modifying the plan.

Ratification of the Proposal

Article 80:

1. If any of the events set out under this paragraph (2) of this Article occur, the Officeholder shall submit a request to the Court to ratify the Proposal provided that the Officeholder notifies the Creditors before the submission of such request. The Court will set a date for the ratification hearing.
2. The Court shall, at the request of the Officeholder, ratify the Proposal meeting the standards of fairness in the following cases:
 - (a) if all classes of the Creditors and the Owners approve the Proposal;
 - (b) if at least one class of Creditors approves the Proposal, and the Proposal is approved by the Creditors whose claims represent at least fifty percent of the total value of the claims of the Creditors voting in all classes, and if the Court considers that the ratification of the Proposal realizes the interests of the majority of Creditors.

3. The Court shall approve the Proposal pertaining to the amendment of the Plan in accordance with paragraph (2) of this article.
4. The Creditors shall have the right to object on the Proposal before the Court at the ratification hearing on the grounds that the Proposal violates the standards of fairness and the Creditor votes against the Proposal and believes – for reasonable grounds- that the Proposal will prejudice him.

Article 81:

The Proposal may not contain any provisions that contravene the relevant laws and regulations with respect to set-off rights and the ranking of the Debts. Any action to the contrary shall be deemed null and void.

Sale of Secured Assets

Article 82:

Pursuant to the Plan and after obtaining Court approval, the Officeholder shall be in charge of the sale of any of the Bankruptcy Assets securing the Creditor's Debts, during the procedure, at the market prices on the date of the sale. After the deduction of the fees payable to the Officeholder and the sale expenses, the Officeholder shall deposit the sale proceeds into a segregated current account for the payment of the Debts of the secured Creditor's in accordance with ranking of the Debts.

If the amounts deposited in the current account exceed the total Debt owed to the secured Creditors, the Officeholder shall deposit such surplus into the Debtor's account.

Publication and registration of ratification of the Proposal

Article 83:

Within ten (10) days of the Proposal's ratification date, the Officeholder shall:

- (a) publish the ratification through the methods specified by the Regulations, including Debtor's name, head office address, commercial registration number, the ratification issuance date as well as a brief description of the items of the Plan pursuant to the Regulations;
- (b) deposit a copy of the Court's ratification judgment in the Bankruptcy Register.

Overseeing the Plan Implementation

Article 84:

1. Without prejudice to the provisions of Article (58) and Article (69) of the Law, the Officeholder shall, during the period from the date of ratification of the Proposal and until the termination of the Financial Restructuring Procedure, supervise the implementation of the Plan until the conclusion of the Plan. If the Officeholder encounters any obstacles during the implementation, the Officeholder must apply to the Court for consideration, and the Court shall take whatever action it deems appropriate.
2. The Proposal may, in addition to the provisions of the Law and Regulations, specify the Officeholder's functions and competences, and impose restrictions on Debtor's actions.
3. The Debtor undertakes to submit a report at the end of every quarter (three-month period) to the Officeholder on Plan implementation progress as stated in the Regulations.

4. The Officeholder shall review the report submitted by the Debtor under paragraph (3) of this Article to verify the information contained therein, and shall submit the same to the Court and Creditors within thirty (30) days of date of receipt of such report from the Debtor.

Article 85:

1. The Debtor shall obtain the Officeholder's written approval when undertaking any of the following actions during the period from the date of ratification of the Proposal until the conclusion of the Financial Restructuring Procedure:
 - (a) request funding;
 - (b) provide or renew security interest to third parties;
 - (c) change any of Debtor's registered premises or office;
 - (d) vote on a Proposal of the Debtor's debtor in any Bankruptcy Procedures that results in the waiver of the Debtor's rights;
 - (e) establish a subsidiary or acquisition of shares or interests in another company;
 - (f) transfer ownership of all or some of its businesses or Assets outside the normal course of business;
 - (g) conduct any other action as provided for in the Regulations.
2. The Debtor's compliance with the terms of Paragraph (1) of this Article shall not relieve him from any obligations provided for herein or in other relevant Laws.
3. In discharging its powers and functions, the Officeholder shall exert due care in carrying out its duties and powers and shall not be liable to third parties for any loss or damage resulting from its consent to any of the Debtor's actions set out in paragraph (1) of this Article.

Implementing the Proposal

Article 86:

Upon completion of the implementation of the Plan, the Officeholder shall submit a request to the Court to order the conclusion of the Financial Restructuring Procedure accompanied by any information and documents specified under the Regulations, The Officeholder shall notify the Creditors of such request prior to its submission. Any interested party shall have the right to challenge this request before the Court within fourteen (14) days of its submission.

Termination of Procedure

Article 87:

The Court shall order the termination of a Financial Restructuring Procedure in any of the following cases:

- (a) if the Debtor submits a request to terminate the procedure on the premise that the conditions for the commencement of the procedure are no longer applicable, and provided that a report prepared by the Officeholder in support of such request is submitted along the request;
- (b) if the Officeholder submits a request to terminate the procedure due to the conclusion of the implementation of the Plan and the completion of his duties;

- (c) if the Officeholder submits a request to terminate the procedure if the quorum required for voting by the Creditors on the Proposal is not met, or if such vote does not take place on the scheduled date, without prejudice to Paragraph (5) of Article (79) of the Law;
- (d) if the Court refuses to ratify the Proposal;
- (e) if the Officeholder or the Creditor submits a request to terminate the procedure if the Plan is not capable of being implemented;
- (f) if the Officeholder submits a request signed by the Debtor to terminate the procedure because the Debtor does not intend to maintain its activities or implement the Plan, without prejudice to the provisions of Article (69) hereof;
- (g) if an interested party submits an application for the termination of the procedure due to the occurrence of material offenses during the procedure or due to the Debtor committing any of the violations set out herein during the procedure period, without prejudice to the provisions of Article (69) hereof.

Article 88:

1. A Court judgement ordering the termination of a Financial Restructuring Procedure shall not exempt the guarantor of the Plan implementation from his obligations.
2. No Creditor shall be required to restate to the Debtor any payments received prior to the termination of the procedure.

Article 89:

1. The Officeholder shall file the Court's judgement terminating the Financial Restructuring Procedure with the Bankruptcy Register, which shall result in the termination of his functions.
2. The Regulations shall specify the actions or procedures that must be taken by the Officeholder regarding the information and documents in his possession and relating to the procedure.

Article 90:

The Court shall, at its discretion or at the request of an interested party, commence a Liquidation Procedure or an Administrative Liquidation Procedure if the following conditions are met:

- (a) if the Debtor is Distressed or Bankrupt;
- (b) if the conditions required for the commencement of a proposed Liquidation Procedure or an Administrative Liquidation Procedure are met;
- (c) the termination of the Financial Restructuring Procedure shall be based on paragraph (c), paragraph (d), paragraph (e) or paragraph (f) or paragraph (g) of Article (87) of the Law.

Referrals

Article 91:

The Financial Restructuring Procedure is subject to the provisions of Articles (20) to (24), Article (35) and Article (37) of the Law.

Chapter Five: Liquidation Procedure

Application for the Commencement of a Liquidation Procedure

Article 92:

Without prejudice to the provisions of relevant regulations, the Debtor, the Creditor or the Competent Authority may apply to the Court for the commencement of a Debtor's Liquidation Procedure if the Debtor is Distressed or Bankrupt.

Article 93:

1. In order to be registered with the Court, an application for the commencement of a Liquidation Procedure shall be accompanied with the relevant information and documents as set out in the Regulations.
2. In order for a request submitted by a Creditor or a group of Creditors to be registered with the Court, the following conditions shall be met:
 - (a) the Debt must be due and its amount, cause and related security interests (if any) must be identified;
 - (b) the amount of Debt - or the aggregate value of Debts of the applicants- must not be less than the amount determined by the Bankruptcy Commission;
 - (c) the Debt must be either due pursuant to a writ of execution or an ordinary document and the Creditor must prove that the payment has been requested from the Debtor twenty-eight (28) days prior to the date of the application, and that has remained unpaid or disputed as specified in the Regulations.

Article 94:

The Creditor's application for the commencement of a Liquidation Procedure shall not be registered if the Debtor disputed the Debt prior to the date of submission of the Creditor's request. If the Creditor's requests to commence a procedure in the presence of evidence that the Debtor has disputed the Debt, then such action shall constitute an abuse of the Liquidation Procedure.

Article 95:

1. If a Person other than the Debtor submits an application for the commencement of the Debtor's Liquidation Procedure, the Court must notify the Debtor within a period not exceeding five (5) days from the date of the registration of such application. The Debtor may object to the application before the Court, and may demand the registration of an application for the commencement of a Protective Settlement Procedure or Financial Restructuring Procedure if the Debtor is able to evidence its ability to maintain the activities in a manner that safeguards the interests of the majority of Creditors. The Court may order the Debtor to provide any information or document determined by the Court.
2. The Debtor shall, upon submitting an application for the commencement of the procedure, notify its Creditors of such application in accordance with the provisions of the Regulations. The Creditor may object to the application before the Court and, as an exception from the provisions of Article (97) of the Law, may file an Application for the commencement of a Financial Restructuring Procedure if the Creditor is able to evidence that maintaining the activities of the Debtor would safeguard the interests of the majority of Creditors.

Precautionary Measures

Article 96:

The Court may, at its sole discretion, or at the request of an interested party, take - after receiving an application for the commencement of the Liquidation Procedure –any precautionary measure in the manner specified under the Regulations.

Moratorium

Article 97:

1. Without prejudice to the provisions of Chapter Fourteen of the Law, the registration of an application for the commencement of the Liquidation Procedure or the issuance of a Court order to commence the procedure shall create a Moratorium until the date of issuance of a Court judgment rejecting the application or a judgement terminating the procedure.
2. Any act contrary to the provisions of paragraph (1) of this Article shall be null and void, and the Court may, at its sole discretion or on the request of any interested party, order the recovery of any Asset disposed of during the Moratorium period or as it deems fit, subject to third parties' rights (in good faith). The person suffering from any harm may file a claim for compensation.
3. Notwithstanding the provisions of paragraph (1) of this Article, the Court may authorize – upon the request of a secured Creditor- taking enforcement actions against a Bankruptcy Assets securing the Debtor's Debt.
4. During the Moratorium period, and as determined in the Regulations, the Court shall consider the application of Creditors the majority of whose funds are in the possession of the Debtors
5. As an exception of Paragraph (1), the Court may, at the request of an interested party, suspend the Moratorium for specific claims, which were subject to a certain action prior to the Moratorium, if the Court finds that such action is in the interest of the Debtor and the majority of Creditors.

Article 98:

Only the Court shall be entitled to take legal action during a Moratorium against any guarantor of the Debtor who has provided a personal or in-kind guarantee to secure the Debtor's obligations.

Commencement of a Procedure

Article 99:

1. The Liquidation Procedure shall commence pursuant to a Court order as set out under Article (41) or Article (90) of the Law, or under paragraph (2) of this Article.
2. The Court shall set a date for considering the application for the commencement of the procedure, provided that such date is within forty (40) days from the date of the registration of the application. The Court shall notify the applicant and the Debtor of the scheduled hearing date within five (5) days from the date of the registration of the application. The Court shall decide as follows:
 - (a) Commencement of the procedure if:
 - (i) the Debtor is Distressed or Bankrupt;

- (ii) the Court finds that the continuation of the Debtor's activities is not possible based on the information provided to the Court; and that the Debtor's Assets are sufficient to meet liquidation expenses;
 - (iii) the applicant has submitted the information and documents required under Article (93) of the Law.
- (b) Rejection of the application in the following cases:
- (i) the application does not satisfy the legal requirements or is incomplete without acceptable justification;
 - (ii) the Court finds that the continuation of the Debtor's activities is possible based on the information provided to the Court; and that Debtor can settle the Creditors' claims within a reasonable timeframe;
 - (iii) if the applicant acts in bad faith, or if the application involves abuse of the procedure;
 - (iv) if the Debtor's Assets are insufficient to meet the Liquidation Procedure expenses.

If the Court rejects the application, then the Court shall order the commencement of the appropriate Bankruptcy Procedure.

- (c) Adjournment of the hearing for no more than twenty-one (21) days to allow the submission of any additional information or document requested by the Court. The relevant party undertakes to submit the information or documents required by the Court at the time specified by the Court and prior to the date of the adjourned hearing, and in such case the Court shall order the commencement of the procedure or rejection of the application in accordance with the provisions of this Article.

3. The Court shall notify the Debtor – who did not attend the hearing – of its judgement within five (5) days of the hearing's conclusion.

The Management of Debtor's Assets by the Officeholder

Article 100:

1. The Debtor shall cease to manage its activities immediately upon appointment of an Officeholder.
2. The Officeholder shall replace the Debtor in the management of its activities and in the fulfillment of the Debtor's regulatory duties during the procedure. The Officeholder shall not be held liable vis-a-vis third parties for the actions taken in such capacity.
3. Any act taken by the Debtor over any of the Bankruptcy Assets after the appointment of the Officeholder shall be considered null and void. The Court may order the recovery of said Bankruptcy Assets from third parties or as it deems appropriate, taking into account the rights of third parties (good faith). The person suffering from any harm may file a claim for compensation
4. The Officeholder shall notify the Debtor of any summons, notice or order issued against him by the Court or any other Competent Authority.

Article 101:

Any security interest created during the Liquidation Procedure shall be invalid unless it is voted for by the Creditors in accordance with the provisions of Article (108) of the Law and is approved by the Court.

Article 102:

1. The commencement of the Liquidation Procedure shall result in beginning the liquidation of Bankruptcy Assets.
2. The Officeholder shall liquidate the Bankruptcy Assets except those that the Court orders that the Debtor who is a natural person shall be entitled to retain, and what is reasonably required to provide him and his dependents with the necessary financial support to maintain a reasonable standard of living- in the opinion of the Officeholder. The Debtor undertakes to assist the Officeholder in the determination of Assets in his possession to evaluate those that may be retained by the Debtor.

Sale of Assets

Article 103:

1. The Officeholder undertakes the sale of the Bankruptcy Assets in conjunction with the verification of the claims submitted to him.
2. If the Officeholder finds that Procedure expenses and secured Debts will consume the aggregate Asset sale proceeds, then the Officeholder may cease verifying the submitted claims, after obtaining Court approval.

Article 104:

Without prejudice to the provisions of Article (108) of the Law, the Officeholder shall immediately after the commencement of the Liquidation Procedure, take the necessary actions for the sale of the Bankruptcy Assets at the best possible price including the sale of the Bankruptcy Assets in one transaction, provided that the sale proceeds are deposited in a current account opened for this purpose.

Article 105:

The Court shall determine those Bankruptcy Assets which must be subject to publication prior to being sold in the manner specified in the Regulations.

Article 106:

If the Officeholder is in the process of selling an asset which value exceeds one quarter of the total value of the Bankruptcy Assets, the Officeholder shall invite Creditors to vote in accordance with the provisions of Article (108) of the Law, or shall notify the Creditors' Committee, if any, to consider approving the sale, and the Officeholder shall provide the Creditors with any information necessary to study the feasibility of the purchase offers, within a reasonable timeframe.

Article 107:

The following Persons may not submit, in person or by proxy, any purchase offer for any of the Debtor's Assets offered for sale, until such Assets are offered at public auction:

- (a) the Creditor;

- (b) the Debtor, Owner, spouse of either of them, son-in-law or kin up to the fourth degree;
- (c) Debtor's partner, employee, auditor or agent within the two years preceding the commencement of the Liquidation Procedure;
- (d) the Officeholder or his kin up to the fourth degree.

Voting Rights

Article 108:

1. Without prejudice to the provisions of Article (106) hereof, the Officeholder shall invite the Creditors whose claims and addresses are known to him, to convene a meeting for deliberations and voting on any of the matters below where the Officeholder deems that the approval of the Creditors is necessary, including:
 - (a) If the Officeholder receives multiple offers to purchase any material Bankruptcy Assets.
 - (b) If the Officeholder finds- based on the information and documents in his possession- that there is a case that should be initiated against a third party that will be in the best interest of the majority of Creditors.
 - (c) If the Officeholder considers that deferring the sale of any of the Bankruptcy Assets for a reasonable period shall be in the best interest of the majority of Creditors.
 - (d) If there is a settlement between the Debtor and third parties being reached and is in the interest of the majority of Creditors.
2. In its invitation to Creditors, the Officeholder should include the matters that will be subject to a vote.
3. A decision taken under paragraph (1) of this Article shall be deemed valid if it is voted for by Creditors representing the majority of the value of claims submitted by voting Creditors.

Article 109:

The matters referred to in Article (108) of the Law shall only be submitted for voting by Creditors with undisputed claims. The Court may, after hearing the Officeholders' opinion, permit Creditors with disputed claims to vote on said matters.

Article 110:

If the Court decides to commence the Liquidation Procedure pursuant to Article (90) of the Law, the claims submitted in the course of the Financial Restructuring Procedure shall be considered automatically submitted as part of the Liquidation Procedure. Any amount repaid by the Debtor under that Procedure shall be deducted from the value of the Creditor's claim.

Article 111:

If the Debtor's guarantor or another Person paid part of the Debt prior to the commencement of the Liquidation Procedure or thereafter, then the Creditor must deduct the amount of the Debt received from the claims submitted to the Officeholder. Such guarantor or Person may submit a claim with the Officeholder for any such paid amount.

Article 112:

1. If the Creditor submits its claim after the expiry of the ninety (90) day period specified under Article (56) of the Law and before the final distribution of the Bankruptcy Asset sale proceeds, then the Officeholder shall consider the claim and recommend that the Court either accepts, rejects or refers said claim to an expert. The provisions of paragraph (2) of Article (68) of the Law shall apply.
2. The objection of a Creditor -whose claim was delayed beyond the ninety (90) days specified under Article (56) of the Law - over any distribution made by the Officeholder prior to the submission of the outstanding claim shall not be acceptable.

Article 113:

Debts that are not yet due but proven to be owed by the Debtor shall become due and payable as soon as the Liquidation Procedure is commenced.

Employment Contracts**Article 114:**

The Court may, at the request of the Officeholder, consider the termination of the labor contracts of the Debtor's employees employed in relation to the Debtor's activities in accordance with the provisions of relevant regulations.

Reports**Article 115:**

The Officeholder shall provide the Court with a periodic report at least every three (3) months on the progress of the Liquidation Procedure, the Creditors shall be entitled to access such reports.

Distribution to Creditors**Article 116:**

1. The Officeholder shall issue a decision to distribute the sale proceeds of the Bankruptcy Asset to the Creditors as specified in the Regulations. The Officeholder shall distribute the sale proceeds among the Creditors in one single distribution in accordance with the ranking of the Creditors. As an exception, the distribution of the sale of the Bankruptcy Assets may take place over multiple distributions, if necessary, and subject to obtaining the Court approval.
2. The Officeholder shall notify each Creditor known to him, of the distribution resolution and shall deliver a copy thereof at least thirty (30) days prior to the date of the distribution. The Creditor may object to the distribution resolution or procedures before the Court within twenty-one (21) days from the date of the notification, provided that the Officeholder is notified of said objection and a copy of the objection documents are submitted to the Officeholder; in which case, the Officeholder must halt the distribution process until a final decision is made on the objection.
3. The Court shall hear the objection filed by the Creditor and issue its judgment on the request and on the completion of the distribution process within twenty (20) days of the submission of the objection.
4. The issuance of the distribution resolution by the Officeholder does not require obtaining the Court approval.

5. The Officeholder shall make a provision in proportion with the amount of the judicially disputed Debts.

Article 117:

1. In the event where there are more than one distribution resolutions, and a Creditor submits a claim prior to the implementation of the final distribution resolution, such Creditor shall receive all the portions due to him from previous distributions in the same proportion distributed to the other Creditors, without prejudice to the ranking of the Creditors, and unless such course of action is not possible.
2. If any of the Creditors submits a claim after implementation of the single or final distribution resolution, such claim shall not be repaid unless there are any remaining Assets, or if the Debtor acquires Assets after the distribution implementation and before the conclusion of the Liquidation Procedure.

Article 118:

The Officeholder may, by virtue of a decision issued after Creditor approval - pursuant to Article (108) of the Law - distribute to one or more of the Creditors in kind (non-cash) Bankruptcy Assets for the repayment of the claim, and in accordance with the estimated value of such Bankruptcy Assets based on a certified evaluation if it becomes apparent that such asset cannot be sold due to its nature, or if it is in the interest of the remaining Creditors that said asset not be sold.

Article 119:

1. The Officeholder shall retribute to the Debtor any surplus amount remaining from the liquidation proceeds after payment of all of the Debts as set out in the Regulations.
2. Pursuant to a Debtor's request, the Officeholder may, once Creditors have recovered their rights, file an application with the Court to postpone the termination of the Liquidation Procedure as set out in the Regulations.

Owners' Liability

Article 120:

1. When liquidating Bankruptcy Assets, the Officeholder shall take into account the limitation of liability of the Owners' liabilities in accordance with the provisions of relevant regulations.
2. Jointly liable Owners shall be liable for covering any shortfall in the Bankruptcy Assets if the sale proceeds thereof are not sufficient to satisfy the Bankruptcy Debts. The Officeholder shall request in writing that the Owners satisfy the Bankruptcy Debts on the date determined by the Officeholder, and any such funds paid by the Owners shall be added to the Bankruptcy Assets. In case the Owners fail to make such payments, the Officeholder shall apply to the Court seeking a payment order against them.

Termination of the Procedure

Article 121:

1. The Officeholder undertakes to submit a request to the Court to order the termination of the Liquidation Procedure upon completion of the sale of the Bankruptcy Assets, the dismissal of any legal actions in which the Debtor is a party to, and the final distribution to the Creditors, and along with such request the Officeholder should attach the final account statements and the final reports.

2. The Officeholder shall notify the Creditors before submitting such request. Every interested party shall have the right to challenge this request before the Court within fourteen (14) days of the date of the submission of the request.
3. The Officeholders' request for the termination of a corporate Debtor's Liquidation Procedure shall include a request for the dissolution of said Debtor.

Article 122:

1. The Court shall order the termination of the Liquidation Procedure in the following two cases:
 - (a) if the Officeholder submits a request to terminate the Procedure due to insufficiency of sale proceeds of the Bankruptcy Asset to satisfy Liquidation Procedure expenses;
 - (b) if the Officeholder submits a request to terminate the Procedure due to the conclusion of the Liquidation Procedure.

The Court may terminate the procedure without the need for a hearing.

2. If the Debtor is a corporate person, then the Court shall order the termination of the procedure by the dissolution of the Debtor.

Article 123:

The Court shall order the commencement of the Debtor's Administrative Liquidation Procedure if it has ordered the termination of the procedure pursuant to Paragraph (1/a) of Article (122) of the Law, and shall refer the procedures documentation to the Bankruptcy Commission.

Article 124:

The Officeholder shall deposit the Court's judgment to terminate the Liquidation Procedure in the Bankruptcy Register and the Commercial Register (if any), and shall remove the Debtor from the Commercial Register.

Article 125:

1. The name of a natural Debtor shall be removed from the Bankruptcy Register after thirty (30) days from the date of the Court's decision to terminate the Liquidation Procedure. This would enable the Debtor to conduct trading or professional activities and realize profits.
2. A natural Debtor, after the removal of his name from the Bankruptcy Register, shall not be released from a Debt for which he remains liable save by a special or public release from the Creditors.
3. A natural Debtor who has not been released of a Debt for which he remains liable, shall be considered as Bankrupt in relation to the outstanding rights of Creditors even after the removal of the Debtor's name from the Bankruptcy Register, for a period of twenty-four months from the date of the termination of the Liquidation Procedure. During such period, the Creditors shall not have the right to submit any request for the commencement of any procedures against the Debtor. The Regulations shall regulate the procedures for said Creditors in claiming their outstanding Debts for which the Debtor remains liable during this period.
4. The Regulations shall specify any other procedure that the Officeholder undertakes to take upon termination of the Liquidation Procedure.

Referrals

Article 126:

The provisions of Articles (48-56), (59), (63), (65), (67), (68) and Article (73) of the Law shall apply to the Liquidation Procedure.

Chapter Six: Small Debtors Protective Settlement**Objective****Article 127:**

Small Debtors Protective Settlement Procedure aims to enable Small Debtors to reach an arrangement with Creditors to settle the Debts within a reasonable timeframe through simple Procedures at a low cost and with high efficiency, while maintaining Debtor's ability to manage its business.

Article 128:

1. A Small Debtor may apply for a Protective Settlement Procedure instead of requesting the commencement of the Small Debtors Protective Settlement.
2. The Debtor may not commence a Small Debtors Protective Settlement Procedure if it has already been subjected to this procedure or to the Protective Settlement Procedure during the preceding twelve (12) months.

The Procedure**Article 129:**

1. If a Small Debtor expects to face financial difficulties, or to become Distressed or Bankrupt, he may decide to commence a Protective Settlement Procedure for Small Debtors in accordance with the form issued by the Bankruptcy Commission.
2. Prior to the issuance of the decision by the Small Debtor, the Small Debtor shall prepare the Proposal, provided that such Proposal must include a brief description of his financial position along with any other information and documents as may be specified in the Regulations.
3. The Small Debtor shall deposit the decision for the commencement of the procedure in the Bankruptcy Register accompanied by a copy of the Proposal. This decision shall become effective from the date of its filing with the Register.
4. The Small Debtor shall invite its unsecured Creditors to vote on the Proposal in the manner to be set out in the Regulations.

Article 130:

If the Proposal will impact the Owners' interests, the Small Debtor shall invite the Owners to vote on the Proposal at least twenty-one (21) days prior to the date scheduled for voting in accordance with the provisions of the relevant regulations, provided that such vote takes place prior to the Creditors' voting date.

Moratorium**Article 131:**

1. During the period from the date of commencement of the Small Debtors' Protective Settlement Procedure until the issuance of the Creditors' approval on the Proposal, the Small Debtor may request the Court to order a Moratorium for a period not to exceed ninety (90) days. The Court shall render its judgment within five (5) days from the date of the submission of such request.
2. The Moratorium period terminates on the expiry date set out in paragraph (1) of this Article or at an earlier date if the Creditors' vote in favor of the Proposal or if the necessary quorum for the Owners' or Creditors' vote is not met or upon the termination of the procedure.

Article 132:

1. The Moratorium application shall be filed in accordance with the form issued by the Bankruptcy Commission, provided that it should be accompanied by a brief summary of the Proposal content and all the requirements stipulated under the Regulations.
2. The Court may request the Small Debtor to provide documents supporting its application, including a statement from the Small Debtor's Auditor or from a person listed on the Officeholders List or the Experts List favorably opining that Creditors will approve the Proposal.

Article 133:

1. Without prejudice to the provisions of Chapter Fourteen hereof, if the Court decides to order a Moratorium, it shall not be permissible to:
 - (a) submit an application for the commencement of any Bankruptcy Procedures;
 - (b) undertake or complete any action or legal procedure over the Bankruptcy Assets;
 - (c) undertake or complete any of the procedures provided for in the Regulations.
2. Any action contrary to the provisions of Paragraph (1) of this Article shall be null and void, and the Court may, at its sole discretion or at the request of any interested party, order the recovery of any asset disposed of during the Moratorium period as it deems fit, subject to third parties' rights (in good faith). The person suffering from any harm may file a claim for compensation.
3. A Moratorium shall not apply to secured Debts. Secured Creditors shall, upon enforcement over any of the security interests securing their Debt, return any surplus amounts to the Small Debtor within three (3) days from the date of enforcement over such security interest.

Approval of the Procedure

Article 134:

1. Creditors shall vote on the Proposal in accordance with the procedures set out therein, and such vote shall take place after the Owners vote (if any) approving the Proposal as set out under Article (130) of the Law.
2. The Proposal shall be deemed approved if the Creditors whose claims represent two-thirds of the value of the voting Debts including Creditors whose claims represent more than half the value of Debts owed to non-Related Parties (if any) vote in favor of the Proposal.
3. The Regulations shall specify the provisions necessary for the administration of the voting process referred to in paragraph (1) of this Article

4. If the Creditors do not vote on the Proposal on the date scheduled for such vote, the Court shall decide as it deems appropriate including conducting another vote or terminating the Small Debtors' Protective Settlement Procedure.
5. The Regulations shall specify any Plan modification mechanisms.

Filing the Creditors' Decision with the Court

Article 135:

Within three (3) days from the Creditors' vote on the Proposal, the Small Debtor undertakes to file the voting result with the Court and in the Bankruptcy Register.

Proposal Approval Effect

Article 136:

1. The Proposal approved by a Creditor vote shall come into force from the date on which the voting result is filed with the Court. Thereafter, such Proposal shall become a Plan binding upon the Debtor, Creditors and Owners; and the Small Debtor must complete the formalities required by the relevant regulations.
2. The Small Debtor shall include in the Bankruptcy Register the documents evidencing the validity of the Plan and publish the same in accordance with the Regulations.

Objecting to the Plan

Article 137:

Creditors may challenge the Plan before the Court if they voted against it, on the basis - on reasonable grounds - that the Plan would be detrimental to their respective interests, and that it violates the standards of fairness provided for in Article (35) of the Law. As such, Creditors shall submit their objection to the Court within fourteen (14) days from the date of filing the vote result with the Court.

Article 138:

1. The Court may, based on the objection submitted thereto, order the suspension of the Plan for not more than fourteen (14) days, provided that the Court should, during this period, either nullify the Plan or reject the objection.
2. If the Court rules to nullify the Plan, no Creditor shall be required to refund any amount received from the Small Debtor prior to invalidation of the Plan.

Termination of the Procedure

Article 139:

The Court shall terminate the Small Debtors' Protective Settlement Procedure in any of the following cases:

- (a) upon Small Debtor's submission of an application to the Court for the termination of the Procedure due to completion of the implementation Plan;
- (b) On lack of the quorum required for voting by the Owners or Creditors on the Proposal or, upon failure by the Creditors to vote thereon on time, without prejudice to Paragraph (4) of Article (134) of the Law;

- (c) if the Court deems the Plan is null and void;
- (d) upon Small Debtor's submission of an application to terminate the Procedure, on the basis that that the conditions of the commencement of the procedure are no longer applicable;
- (e) if the Small Debtor or Creditor submits a request to terminate the procedure due a failure to implement the Plan;
- (f) if the Small Debtor submits an application to terminate the procedure due to its intent not to continue its activities or to continue with Plan implementation;
- (g) if an interested party submits an application requesting the termination of the procedure due to material violations during the Procedure or due to the Small Debtor committing any of the offences prohibited under the Law.

Article 140:

The Court shall, at its sole discretion or at the request of an interested party, commence appropriate Bankruptcy Procedure if the following conditions are satisfied:

- (a) the Small Debtor is Distressed or Bankrupt;
- (b) the commencement conditions for the Bankruptcy Procedure are satisfied;
- (c) the Small Debtors' termination of the Protective Settlement Procedure should be based on paragraphs (b), (c), (e), (f) or (g) of Article (139) of the Law.

Referrals

Article 141:

The Small Debtors' Protective Settlement Procedure shall be subject to the provisions of Articles (22-27), (38) and (40) of the Law.

Chapter Seven: Small Debtors' Financial Restructuring Procedure

Objective

Article 142:

A Small Debtors' Financial Restructuring Procedure aims to facilitate reaching an agreement between the Small Debtor and its Creditors in order to restructure its activity within a reasonable timeframe, through simple, low cost and efficient proceedings and under the supervision of the Officeholder.

Article 143:

1. The Small Debtor, the Creditor or the Competent Authority may request the commencement of a Financial Restructuring Procedure instead of Small Debtors' Financial Restructuring Procedure.
2. A Small Debtors' Financial Restructuring Procedure may not be commenced or a request filed to commence such a Procedure if the Small Debtor has already been subject to this procedure or to the Financial Restructuring Procedure during the preceding twelve (12) months.

The Procedure

Article 144:

For a Small Debtors' Financial Restructuring Procedure to be commenced, a Small Debtor must be Bankrupt, Distressed or more likely to suffer financial distress.

Article 145:

1. The Small Debtor or Competent Authority may issue a decision to commence the Small Debtor Financial Restructuring Procedure after agreeing with one of the Officeholders listed on the Officeholders List. The Small Debtor or Competent Authority shall provide the Officeholder with the decision and all information and documents for Judicial Depository purposes, as determined by the Regulations.
2. The decision to commence the procedure issued by the Small Debtor or by the Competent Authority shall neither apply nor have any effect until the Judicial Depository is made.
3. The Creditor may file with the Court an Application for the commencement of the procedure. Once submitted, the application shall be filed with the Court along with any relevant information and documents as set out in the Regulations.
4. If the Creditor submits a request for the commencement of the procedure, the Court must notify the Small Debtor of such request no later than five (5) days from the submission date. The Small Debtor may object to the request during the hearing if the commencement of the procedure conditions were not met, the Debt is disputed, or if the Creditor is seeking to abuse the procedure. The Court may order the Small Debtor to provide the information and documents specified in the Regulations.

Article 146:

1. The Officeholder, as agreed with the Small Debtor or the Competent Authority, shall make the Judicial Depository.
2. The Court shall maintain a record detailing the information and documentation provided for the commencement of Small Debtors' Financial Restructuring Procedure.

Moratorium

Article 147:

1. The filing of an application for the commencement of a Small Debtor' Financial Restructuring Procedure or the commencement of such Procedure shall result in a Claim Moratorium for (180) days; and the Court shall, at its own discretion or at the request of a debtor or the Officeholder extend Claim Moratorium no more than (120) days.
2. The moratorium shall terminate by the elapse of the period specified in paragraph (1) of this Article or before that if the commencement application is rejected, or when the Proposal is valid or the termination of the procedure is ordered at a prior date.

Commencement of the Procedure

Article 148:

1. The Small Debtors' Restructuring Procedure shall commence by virtue of a Court judgement pursuant to Article (140) of the Law, or by a Judicial Depository or under paragraph (2) of this Article.
2. If the commencement application form is submitted by the Creditor, the Court shall consider the application and take any of the following:
 - (a) Commence the Procedure if:
 - (i) it is likely, based on the information provided to the Court that the Small Debtor will maintain its activities, and shall be able to settle Creditors' claims within a reasonable time;
 - (ii) if the Small Debtor is Bankrupt, distressed or is likely to suffer financial distress leading to delinquency;
 - (iii) if the applicant provided the information and documents provided for in Article (145) of the Law.
 - (b) Rejection of the application in the following cases:
 - (i) if the application dose not satisfy the regulatory requirements or is incomplete without justification;
 - (ii) if it is likely, based on the information provided to the Court that the Debtor will not maintain its activity and will not be able to settle Creditors' claims within a reasonable period of time;
 - (iii) if the applicant committed any of the acts which are deemed criminal under the Law including, disposal in bad faith, or if the application abuses the Procedure.

If it decided to reject the application, then the Court shall order the commencement of the appropriate Bankruptcy Procedure.

 - (c) Adjourn considering the application for not more than twenty-one (21) days to submit any additional information or documents required by the Court from the Applicant or the Small Debtor for any other reason. The Party concerned shall provide the information or documents to the Court at the time it determines before the date of the adjourned hearing, provided that the

Court should commence the Procedure or reject the application in accordance with the provisions of this Article.

3. The Court shall notify the Debtor - who failed to attend the hearing – of its judgment within five (5) days from the date of its issuance.

Appointment of a Small Debtor's Financial Restructuring Officeholder

Article 149:

1. In its judgment ordering the commencement of the Small Debtors' Restructuring Procedure, the Court shall appoint an Officeholder from among the list of Bankruptcy Officeholders. The Creditor may propose to the Court the name of the Officeholder he wishes to be appointed from the list.
2. The Officeholder contracted by the Small Debtor or the Competent Authority shall be considered as appointed from the date of the Judicial Depository.
3. His financial capabilities and scientific qualifications and those of his team must be taken into account when appointing the Officeholder. The Officeholder must exercise the care necessary to safeguard the interests of Creditors.
4. The Officeholder must give due care to Creditors' interests.
5. Without prejudice to Paragraph (2) of this Article, the Officeholder may, with Court approval, delegate some of its functions to one of those listed on the Officeholders or Experts list in order to carry out the task assigned thereto if necessary, provided that the functions entrusted to the delegate are carefully described in the Court's decision.
6. The Court may, when necessary, appoint more than one Officeholder, three as a maximum, to jointly act in accordance with the Proposal and its instructions, provided that the Court appoints a chairman from among their ranks. All Officeholders shall be jointly liable for their actions. The Regulations shall clarify their work mechanism.
7. The Officeholder shall deposit with the Bankruptcy Register documentary proof of his appointment as per the Regulations.

Announcement of Small Debtors' Financial Restructuring Procedure

Article 150:

1. The Officeholder shall announce the commencement of the Small Debtors' Financial Restructuring Procedure within five (5) days from the date of its commencement, and file with the Bankruptcy Register documentary proof of said commencement, further inviting the Creditors to submit their claims no later than sixty (60) days from the announcement date pursuant to the Regulations.
2. The Officeholder shall notify the Creditors known to him of the commencement of the Procedure within five (5) days, and shall invite them to submit their claims within a period not to exceed two (60) days from the notification date.

Article 151:

1. Any Creditor whose Debt arose prior to the commencement of the Small Debtors' Financial Restructuring Procedure must submit to the Officeholder - within the specified period - any due, future or conditionally suspended or potential claims etc. that may have current or future financial value. The

Creditor must attach to its claim the documents and information provided for in the Regulations, a statement of the value of its claim on the date the Court issued the decision to commence the Procedure, the Debt that is not yet due and date thereof, as well as any other document supporting his claim. The Creditor must also determine if his claim is secured and the type of the relevant security interest.

2. If the value of the claim is not precisely specified, then the Creditor must submit the claim at an estimated value and the Officeholder shall verify the actual value thereof.

Article 152:

1. The Small Debtor shall prepare the Proposal with the assistance of the Officeholder, within the period set out in the Regulations.
2. The Proposal must include a brief description of the Small Debtor's financial position, the effects of the economic situation on said position, and the information and documents specified in the Regulations.
3. The Officeholder shall prepare a report expressing its opinion on the chances of approving the Proposal by the Creditors and the enforceability thereof.
4. Without prejudice to the provisions of Chapter Fourteen, the Officeholder may apply to the Court for approval to include in the Proposal a clause to amend any security where necessary to implement the Proposal, provided that the same clause should include a statement giving the affected Secured Creditor a guarantee equivalent to its original guarantee.
5. The Officeholder shall notify the Secured Creditor of its intention to apply to the Court in accordance with paragraph (4) of this article, and the Creditor may challenge such request before the Court.
6. A copy of the Proposal shall be deposited by the Officeholder with the Court, and the Court shall set a date for voting on the same. The Officeholder may propose to the Court the time it deems appropriate for voting.

Voting

Article 153:

1. For the purpose of voting on the Proposal, a voting class shall be assigned to secured Creditors, if any, and another voting class shall be assigned to unsecured Creditors.
2. If the vote of the Creditors on the Proposal did not take place at the time scheduled by the Court, then the Court shall, at its discretion, decide as it deems appropriate to postpone the vote to a later date or terminate the procedure.

Voting Quorum

Article 154:

1. The Creditors' meeting and voting shall comply with the procedures set out in the Proposal, and the Officeholder shall verify the implementation thereof.
2. The Proposal shall be considered approved if ratified by each of the following:
 - (a) unanimously by secured Creditors;

- (b) the unsecured Creditors whose claims represent two-thirds of the value of Debts owed to voters in the same class and such voting class included Creditors whose claims represent more than half of the non-Related Party's Debts (if any).
3. The Regulations shall specify the mechanism for amending the Plan.

Article 155:

1. The Proposal accepted by the Creditors shall become effective from the date of filing the voting result with the Court. The Proposal shall then become the Plan binding on the Small Debtor, the Creditors and the Owners; and the Small Debtor must complete the formalities required under relevant regulations.
2. The Officeholder shall include in the Bankruptcy Register documentary proof of the validity of the Plan and publish the same in accordance with the Regulations.

Procedure Termination

Article 156:

The Court shall terminate the Small Debtors' Financial Restructuring Procedure in any of the following cases:

- (a) upon Small Debtor's submission of an application to the Court for the termination of the Procedure because the commencement conditions are no longer applicable thereto, provided that the Small Debtor shall attach to the application a supporting report from the Officeholder;
- (b) if the Officeholder files an application to terminate the Procedure due to the completion of the Plan and completion of his duties;
- (c) if the Officeholder submits a Termination of Procedure Application due to absence of the quorum required for voting by the Creditors on the Proposal or, upon failure of the Creditors to vote thereon on time;
- (d) if the Court deems the Plan as null and void;
- (e) upon the Officeholder or the Creditor's filing of an application to terminate the Procedure due to non-implementation of the Plan;
- (f) without prejudice to the provisions of Article (69) of the Law, upon the Officeholder's submission of an application signed by the Small Debtor to terminate the Procedure to the latter's unwillingness to maintain its activities or to conclude Plan implementation; and
- (g) without prejudice to the provisions of Article (69) of the Law, if an interested party applies for the termination of the Procedure due to material offenses committed in the course of the Procedure, or because the Small Debtor committed a legal offense during the Procedure.

Article 157:

1. A Court judgement ordering the termination of a Financial Restructuring Procedure shall not exempt guarantors from their Plan implementation obligations.
2. No Creditor shall be required to refund amounts received from the Debtor before the termination of the Procedure.

Article 158:

The Court shall, at its own discretion or at the request of an interested party, commence a Small Debtors' Liquidation Procedure or Administrative Liquidation Procedure if the following conditions are satisfied:

- (a) if the Debtor is Distressed or Bankrupt;
- (b) upon satisfaction of the conditions required for the commencement of a proposed Liquidation Procedure or Administrative Liquidation Procedure;
- (c) upon the termination of a Small Debtors' Financial Restructuring Procedure is based on paragraphs (c), (d), (e), (f) or paragraph (g) of Article (156) of the Law.

Referrals

Article 159:

The Small Debtors' Financial Restructuring Procedure shall be subject to the provisions of Articles (20-24), Articles (35), (48), (49), and Articles from (51-55), and from (57-62), Articles from (64-71), (73) and paragraph (1) of Article (76), Paragraph (1) of Article (77), Article (81) and Article (86), Article (89), Article (137) and Article (138) of the Law.

Chapter Eight: Small Debtors Liquidation Procedure

Objective

Article 160:

A Small Debtors' Liquidation Procedure is intended to sell the Bankruptcy Assets and to distribute the proceeds thereof to Creditors within a reasonable period of time through simple, low cost and efficient Procedures under the supervision of the Officeholder.

Article 161:

The Small Debtor, Creditor or the Competent Authority shall have the right to request the commencement of the Liquidation Procedure instead of the Small Debtors Liquidation Procedure.

Article 162:

To commence a Small Debtors Liquidation Procedure, the Small Debtor must be distressed or Bankrupt, unable to pursue its activities and his assets are sufficient to cover the Small Debtors Liquidation Procedure expenses.

Commencement of Procedure

Article 163:

1. The Small Debtors' Liquidation Procedure shall be commenced pursuant to a Court judgement under Article (140) or Article (158) of the Law, by a Judicial Depository or under paragraph (2) of this Article.
2. If the commencement application form is submitted by the Creditor, the Court shall consider the application and take any of the following actions:
 - (a) Commence the Procedure if:
 - (i) the Small Debtor is Distressed or Bankrupt;

- (ii) it is more likely, based on the information provided to the Court, that the Small Debtor will be unable to maintain its activities, and that his assets are sufficient to cover Liquidation Procedure expenses;
 - (iii) if the Creditor submits the information and documents referred to in the Article (145) of the Law.
- (b) Reject the application in the following cases:
- (i) if the application does not satisfy the regulatory requirements or is incomplete without justification;
 - (ii) if it is more likely, based on the information provided to the Court that the Small Debtor will maintain its activities and will be able to settle the Creditors' claims within a reasonable period of time;
 - (iii) if the Applicant acts in bad faith or tried to abuse the Procedure;
 - (iv) if the Creditor's assets are not sufficient to cover Procedure expenses.

If it decides to reject the application, the Court shall order the commencement of the appropriate Bankruptcy Procedure.

- (c) Adjournment of the hearing for not more than twenty-one (21) days to submit any additional information or documents required by the Court. The Party concerned shall provide the information or documents to the Court at the time determined thereby and before the date of the adjourned hearing, provided that the Court shall commence the Procedure or reject the application in accordance with the provisions of this Article.

3. The Court shall notify the Small Debtor - who failed to attend the hearing – of its judgment within five (5) days from the date of its issuance.

Article 164:

The Officeholder shall submit a request to the Court to terminate the Small Debtors Liquidation Procedure as soon as he becomes aware that the Bankruptcy Asset sale proceeds shall not be sufficient to cover Small Debtor Liquidation Procedure expenses.

Article 165:

1. Within (12) months from the date of commencement of a Small Debtors' Liquidation Procedure, the Officeholder undertakes to apply for a Court order to terminate the Procedure upon the completion of the Bankruptcy Asset sale proceedings, and end of any court proceedings to which the Debtor is a party, as well as the final distribution to Creditors, accompanied by all closing accounts and final reports. As an exception, the Officeholder may, when necessary, request the Court's approval to extend the duration of the Procedure for a reasonable period and is bound to submit a request for termination of the Procedure during this period.
2. The Officeholder must notify the Creditors prior to the submission of the application. Every interested party may object before the Court within fourteen (14) days from its submission.
3. The Officeholders' application to terminate a corporate person's Small Debtor's Procedure must contain a request for the dissolution of said Debtor.

Referrals

Article 166:

The Small Debtors' Liquidation Procedure shall be subject to the provisions of Articles (48), (49), and Articles from (51-55), (59), paragraph (2) of Article (93), Article (97), Article (98), Articles (100-104), Articles (107-109), Articles (113-120), Articles (122-125), Article (145), Article (146), Articles (149-151) of the Law.

Chapter Nine: Administrative Liquidation

Objective

Article 167:

The Administrative Liquidation Procedure aims to sell Bankruptcy assets whose sale is not expected to result in proceeds sufficient to meet the expenses of a Liquidation Procedure or Small Debtors' Liquidation Procedure.

Commencement of Procedure Conditions

Article 168:

1. The Debtor or the Competent Authority may apply to the Court for the commencement of Administrative Liquidation Procedure if the Debtor is Distress or Bankrupt and its assets are not sufficient to cover the Liquidation Procedure or Small Debtor's Liquidation Procedure expenses. The commencement of Procedure application shall be filed with the court after being submitted along with relevant information and documents as may be provided for in the Regulations.
2. If the Competent Authority submits the commencement of Procedure application, the Court must notify the Debtor of such application no later than five (5) days from said application. The Debtor may object thereto and submit a commencement application for any other Bankruptcy Procedures. The Court may order the Debtor to submit any information and documents provided for in the Regulations.
3. When applying for the commencement of the Procedure, the Debtor undertakes to notify its Creditors pursuant to the Regulations.

Moratorium

Article 169:

1. Without prejudice to the provisions of Chapter Fourteen of the Law, the filing of an application for the commencement of an Administrative Liquidation Procedure or its initiation shall result in a Moratorium until the Court issues an order to reject such application or terminate the Procedure. Any action to the contrary shall be considered null and void.
2. The Court may, at the request of the Bankruptcy Commission, order recovery of any asset disposed of during the moratorium period or as it deems fit, subject to third parties' rights (in good faith). The person suffering from any harm may file a claim for compensation.
3. During the Moratorium, the Court shall consider the Application of Creditors the majority of whose funds are in the possession of the Debtor.
4. As an exception to the provisions of paragraph (1) above, at the request of interested parties, the Court may suspend the Moratorium on certain claims for which a specific Procedure was taken prior to the

moratorium entering into effect if it is found to be in the best interest of the Debtor and the majority of the Creditors.

Article 170:

1. An Administrative Liquidation Procedure shall be commenced by a Court order under Article (41), Article (90), Article (123), Article (140) or Article (158) of the Law, or paragraph (2) of this Article.
2. The Court shall set a date for considering the application pertaining to the commencement of the Procedure under paragraph (1) of Article (168) of the Law, provided that the date should be within forty (40) days from the date of the application. The Court shall notify the applicant and the Debtor of the date of the hearing within five (5) days from the date of the application, and will pass its judgement as follows:
 - (a) Commencement of the Procedure if:
 - (i) the Debtor is Distressed or Bankrupt;
 - (ii) it is more likely, based on the information provided to the Court, that the Debtor would not maintain its activities and its sale proceeds are insufficient to cover the expenses of the Liquidation Procedure or the Small Debtor's Liquidation Procedure;
 - (iii) the applicant submitted the information and documents referred to in Article (168) of the Law.
 - (b) Reject the application in the following cases:
 - (i) if the application does not satisfy regulatory requirements or is incomplete without justification;
 - (ii) if it is more likely, based on the information provided to the Court that the Small Debtor will maintain its activities and will be able to settle the Creditors' claims within a reasonable period of time;
 - (iii) if the Applicant acts in bad faith or tried to abuse the Procedure;
 - (iv) if the Creditor's assets are sufficient to cover Liquidation or Small Debtor Liquidation Procedure expenses.

If it decides to reject the application, the Court shall order the commencement of the appropriate Bankruptcy Procedure.
 - (c) Adjourn the hearing for not more than twenty-one (21) days to submit any additional information or document required by the Court. The concerned Party shall provide the information or documents to the Court at the time determined thereby and before the date of the adjourned hearing, provided that the Court shall commence the Procedure or reject the application in accordance with the provisions of this Article.
3. The Court shall notify the Debtor – who failed to attend the hearing – of its judgment within five (5) days from the date of its issuance.

Article 171:

1. In its judgment ordering the commencement of the Procedure, the Court shall task the Bankruptcy Commission to carry out its duties pertaining to the Administrative Procedures.
2. The Debtor shall cease to manage its activities immediately after the appointment of the Bankruptcy Commission.
3. The Bankruptcy Commission shall replace the Debtor in managing his activities and in fulfilling his statutory duties during the Procedure. The Bankruptcy Commission shall not be held liable to third parties for its actions.
4. Every action taken by the Debtor in relation to its assets after the appointment of the Bankruptcy Commission shall be considered as null and void. The Court may, at the Bankruptcy Commission's request, order recovery of assets or as it deems suitable, taking into account (in good faith) the rights of third parties. The person suffering from any harm may file a claim for compensation.
5. The Bankruptcy Commission shall inform the Debtor of any notification or warning issued by the Court or any other authority against him.

Announcing an Administrative Liquidation and the Submission of claims to the Bankruptcy Commission

Article 172:

1. The Bankruptcy Commission shall announce, through the means specified by the Regulations, the Court's decision to commence the Administrative Liquidation Procedure within five (5) days from the commencement date, and shall invite Creditors to submit their claims within a period not exceeding sixty (60) days from the date of announcement.
2. The Bankruptcy Commission shall, within five (5) days from the date of commencement of the Procedure, notify the Creditors known to it of the judgment, and invite them to submit their claims within a period not exceeding sixty (60) days from the notification date.
3. The Bankruptcy Commission shall file a copy of the Courts' judgment ordering commencement of the Procedure with the Bankruptcy Register.

Article 173:

1. The Bankruptcy Commission shall prepare a Statement of Claims as specified in the Regulations.
2. If the Administrative Liquidation Procedure is commenced – pursuant to Court judgement to terminate any of the Bankruptcy procedures and to commence this Procedure - the Bankruptcy Commission shall comply with the approved list of Creditors - if any - otherwise the provision of paragraph (1) of this Article shall apply.

Article 174:

The Bankruptcy Commission shall refer the matter to the relevant authority if it deems it necessary to conduct further investigation because there is suspicion of a crime or violation as provided for by Law or in any claim or action.

Employment Contracts

Article 175:

The Court may, at the request of the Bankruptcy Commission, consider the termination of the labor contracts of Debtor employees relevant to its activities in accordance with the provisions of relevant regulations.

Article 176:

Debts that are not due and proven to be owed by the Debtor shall be due and payable as soon as the Administrative Liquidation Procedure is commenced.

Article 177:

1. The Bankruptcy Commission may request the court, Debtor, creditor or any other party to provide any information or document relevant to the Procedure.
2. The Bankruptcy Commission shall prepare an inventory of Bankruptcy Assets, if any, containing detailed information about them.

The Regulations shall specify the provisions thereof.

Sale of Assets

Article 178:

The Bankruptcy Commission shall commence selling Bankruptcy Assets, if any, from the date of commencement of the Administrative Liquidation Procedure, unless it decided that the proceeds of the sale are insufficient as set out in the Regulations.

Termination of the Administrative Procedure

Article 179:

1. The Bankruptcy Commission shall issue a decision to terminate the Administrative Liquidation Procedure after completion of the Bankruptcy Assets sale, if any, and the conclusion of legal proceedings to which the Debtor is a party, within twelve (12) months from the date of commencement of the Procedure. As an exception, thereto, the Bankruptcy Commission may extend the Administrative Liquidation Procedure for an additional period not to exceed ninety (90) days if required.
2. The Procedure shall be considered terminated after the Bankruptcy Commission files its decision to terminate with the court accompanied by all final accounts and final Procedure report as set out in the Regulations.
3. The termination of the Procedure entails the liquidation of the Debtor if it is a corporate personality.
4. The Bankruptcy Commission shall file evidentiary documents with the Bankruptcy and commercial registers indicating that the Procedure was terminated, as per the Regulations.
5. The name of the Debtor shall be removed from the Bankruptcy register thirty (30) days from the date of filing such proof of termination of the Procedure. If applicable, the Debtor's registration shall be stricken from the commercial register.

Article 180:

The Regulations shall specify the Procedures to be followed if, during the Administrative Liquidation Procedure, it is determined that the Bankruptcy Asset sale proceeds are sufficient to meet Small Debtors Liquidation Procedure expenses.

Article 181:

1. The removal of the name of the corporate personality Debtor from the Bankruptcy register shall enable it to engage in business, professional services and realize profits.
2. A Debtor with a corporate personality shall not be discharged from any remaining debt unless pursuant to a special or general discharge from creditors.
3. A natural personality Debtor who was discharged from a due and remaining debt shall be deemed Bankrupt in respect of the rights of remaining creditors, even after his name has been removed from the Bankruptcy record for a period of twenty four months from the termination of the Administrative Liquidation Procedure. Such Creditors shall not be entitled to request the Court to initiate any Bankruptcy procedures during said period. The Regulations shall regulate Procedures for creditors to claim their outstanding debts from Debtors during said period.

Chapter Ten: Financing

Scope of Application

Article 182:

1. The Debtor may not obtain secured financing after the commencement of Bankruptcy Procedures except with Court approval in accordance with the provisions of the Law.
2. Unsecured financing may not be obtained after the commencement of a Liquidation Procedure or Small Debtors' Liquidation Procedure except with the Court's prior consent in accordance with the provisions of the Law.
3. No secured or unsecured financing may be obtained during the Administrative Liquidation Procedure.
4. Violation of any of the provision of paragraphs (1), (2) or (3) of this Article shall render such action or its effects null and void.

Financing in Protective Settlement and Restructuring Procedures

Article 183:

During a Protective Settlement Procedure, Small Debtors Protective Settlement Procedure, Restructuring Procedure and Small Debtors Restructuring Procedure Debtors may apply to the Court, after the commencement of the Procedure, to approve obtaining secured financing, provided that the Debtor should attach to its application an expert report in support thereof. The Court will approve the application when it is necessary for the continuation of the Debtor's activities or for the protection of Bankruptcy Assets during the Procedure.

Secured Financing Provisions

Article 184:

Financing is considered secured if it:

- (a) has seniority over unsecured debts at the time of filing the financing application;
- (b) secured by pledging a Debtor's asset which is not subject to another pledge;
- (c) secured by pledging a Debtor's asset which is subject to another pledge of higher seniority than the new pledge;
- (d) secured by pledging a Debtor's asset with higher or equal seniority to another pledge if the court determines that the rights of the pledgee holding the existing pledge will not be affected, or if the pledgee agrees, in the existing pledge, that there is a pledge of higher or equivalent seniority. The Debtor must ensure protection of the rights of the pledgee in the existing pledge which might affect the satisfaction of his rights from the pledged property, including a decrease in the value of the pledged property, the pledging to others of assets subject of the existing pledge, or the use, sale or leasing by the Debtor of the pledged asset while remaining pledged.
- (e) secured any other form of secured financing specified by the Regulations.

Unsecured Financing in Protective Settlement and Financial Restructuring Procedures

Article 185:

Court's approval is not required for securing unsecured financing during a Protective Settlement Procedure, Small Debtors' Protective Settlement Procedure, Financial Restructuring Procedure or Small Debtors Financial Restructuring Procedure.

Provisions Regarding Secured or Unsecured Financing in the Liquidation Procedure

Article 186:

The Court agrees to the financing - based on the Officeholders' application accompanied by the Expert's supporting report - during the Liquidation Procedure, the Small Debtors' Liquidation Procedure – whether secured or unsecured – whenever doing so is necessary to protect Bankruptcy Assets or leverage the sale proceeds thereof, after obtaining Creditors' approval under Article (108) of the Law.

Article 187:

Every secured financing approved by the Court is deemed to represent seniority financing.

Chapter Eleven: Mutual Debts and Set-off

Article 188:

Subject to the provisions of Chapter Fourteen of the Law, automatic set-off shall be prohibited after the commencement of any of the following procedures:

- (a) Protective Settlement;
- (b) Financial Restructuring Procedure;
- (c) Small Debtors Protective Settlement;
- (d) Small Debtors Financial Restructuring.

As an exception, in any of the procedures, the Proposal may stipulate that it is possible to set-off for specific debts, when the latter are mutual debts or transactions, and when said mutual debts or transactions are between the same parties endowed with the same statuses and rights in regard to said debts and transactions.

Article 189:

The prohibition stipulated for in Article (188) of the Law, shall not affect the calculation of the value of any Creditor's claim for the purpose of voting on the Proposal. The value of the Creditor's claim for the purpose of voting is the remainder of the Claim's value after deducting the Debtor's remaining right.

Article 190:

Notwithstanding the Moratorium, the Creditor is entitled to demand that the Debtor repays its Debt in the event where the Debtor requests the Creditor to pay any of the remaining Debt owed to the Debtor. The Creditor shall only pay the Debtor any remaining Debt owed to the Debtor, if any, after the Creditor deducts the Debtor's outstanding Debts. If the outstanding debt owed to the Creditor exceeds those owed by the latter to the Debtor, then the Creditor shall have the right to vote on the Proposal or any decision in proportion to said outstanding Debt.

Automatic Set-off On Liquidation

Article 191:

1. The commencement of a Liquidation Procedure, Small Debtors Liquidation, or Administrative Liquidation Procedure shall result in automatic set-off procedures for any outstanding amounts owed by the Creditor to the Debtor on the commencement date, in consideration for any amounts owed by the Debtor to the Creditor.
2. The provisions of paragraph (1) of this Article shall apply to mutual Debts and any other mutual transactions between the Debtor and its Creditor in any existing transaction or debt listed as part of the Bankruptcy procedure. Debts or transactions shall be mutual if they are between the same parties and they have the same characteristics and rights attached thereto.
3. Notwithstanding the provisions of paragraph (2) of this Article, Regulated Entities conducting a financial activity may engage in multilateral set-off transactions among themselves in accordance with the Regulations.

Excluded Debts

Article 192:

Debts and transactions arising subsequent to the commencement of the Procedure shall not be considered as Debts or mutual transactions for the purpose of the automatic set-off. These Debts and transactions shall be deemed as effective and binding.

Establishing Debt Balance:

Article 193:

1. Creditors' claims to the Officeholder during the Liquidation Procedure or Small Debtors Liquidation Procedure shall be equal to any outstanding Debt amount after the set-off.
2. If, during the Liquidation or Small Debtors Liquidation Procedure, the amount of Debt outstanding after the set-off is owed to the Debtor, then it shall be paid to the Officeholder and included in the Bankruptcy Assets. If the debt's maturity date is in the future or is conditional, then such amounts, once they become due and payable, shall be paid to the Officeholder.

Foreign Currency Debts

Article 194:

Estimated or due Debts payable in a foreign currency shall be converted to Saudi Riyals at the exchange rate prevailing on the date of the commencement of Procedure. It may be agreed that set-off be made in another currency.

Chapter Twelve: Debts Ranking

Article 195:

The fees and expenses of the Bankruptcy Officeholder and experts (if any), and the expenses of the Bankruptcy Assets shall rank above any other existing Debts during the Liquidation Procedure and Small Debtors Liquidation Procedure, and must be satisfied prior to the distribution of the sale proceeds of the Bankruptcy Assets to the Creditors.

Article 196:

Without prejudice to the provisions of Article 195 of the Law and upon the commencement of the Liquidation Procedure or the Small Debtors Liquidation Procedure, the senior debts shall rank above ordinary debts and Debts priorities will rank as follows:

- (a) Debts secured by real security interests;
- (b) secured financing in accordance with paragraph (a) of Article (148) of the Law, and other security interest set out in the Regulations under paragraph (e) of the same Article;
- (c) an amount allocated to the Debtor's employees and equal to thirty (30) days wage entitlements;
- (d) family expenses established pursuant to a statutory provision or a court order;
- (e) the expenses necessary for the continuation of the Debtor's operations during the procedures, as set out in the Regulations;
- (f) preceding wages to the Debtor's employee;

- (g) unsecured Debts;
- (h) fees, subscriptions, taxes and unsecured government entitlements as determined by the Regulations;

The Regulations shall determine the ranking within each of the senior Debts circumstances set forth in this Article.

Article 197:

If the sale proceeds of a Bankruptcy Asset, used as security interest for a Debt, exceed the Debt secured by the said asset, then the Bankruptcy Officeholder shall deposit any surplus in the bank account opened for the Bankruptcy Assets. However, if the sale proceeds are not sufficient to pay the full amount of the Debt secured by that asset, then the outstanding Debt amount not covered by the sale proceeds shall be deemed as an unsecured Debt.

Article 198:

The sale proceeds of a Bankruptcy Asset shall be distributed to Creditors of equal rank, and if the proceeds are insufficient to satisfy the Debts of said Creditors, then the proceeds shall be paid on a pari-passu basis between the Creditors.

Distribution of Senior Debt in other than the Liquidation Procedure

Article 199:

The Regulations shall determine the seniority of the dues in procedures other than Liquidation Procedure, Small Debtors Liquidation Procedure and Administrative Liquidation Procedure.

Chapter Thirteen: Penalties and Revocable Transactions

Scope of Application

Article 200:

Without prejudice to the provisions of the relevant regulations, any Debtor having a natural personality, manager of a Debtor, member of its board of directors / board of managers, its officers, or any other person involved in its establishment or management or otherwise shall be considered in violation of the Law, if they committed, prior to the commencement of any Bankruptcy Procedure one or more of the following acts leading to the commencement of such Procedure, or committed such acts during said Procedure leading to damages to third party rights including Creditors:

- (a) misuse or seizure of the Debtor's Assets or Bankruptcy Assets, or abuse of powers;
- (b) engage in the Debtor's activities for the purpose of defrauding its Creditors;
- (c) maintain the Debtor's activities with no possibility of avoiding liquidation;
- (d) adopt arbitrary or negligent methods to avoid or delay the commencement of the Liquidation Procedure, thus prejudicing the rights of Creditors; including through the sale of goods at rates below the market price to generate cash;
- (e) execute transactions for free or for unfair consideration;

- (f) pay the debts of any of the Creditors in such a manner that prejudices the rights of other creditor;
- (g) abuse any of the Bankruptcy Procedures.

Article 201:

Without prejudice to the provisions of the relevant regulations, a person shall be considered in violation of the provisions of the Law if they commit one or more of the following acts prior to or after the commencement of any of the Bankruptcy Procedures leading to its commencement, or commit such acts during said Procedure leading to damages to third party rights including Creditors:

- (a) embezzle or conceal any of the Debtor's Assets or any of the Bankruptcy Assets;
- (b) conceal, destroy or alter any of the Debtor's books or fail to properly keep them, or keep books with incomplete or irregular data, taking into account the standards adopted for the management and maintenance of accounts.
- (c) retain false accounts, fail to keep accounts in accordance with approved standards, or remove documents therefrom;
- (d) engage in fraudulent conduct for the purpose of inflating the obligations of the Debtor or reducing the value of its Assets;
- (e) submit misleading or incorrect information in any form to the Bankruptcy Officeholder, to the Court or to the Bankruptcy Commission, or fail to provide pertinent information to the Court, to the Bankruptcy Officeholder or to the Bankruptcy Commission upon request;
- (f) pledge or dispose of any of the Debtor's Assets, or repay all or part of any Debts in violation of the Law or a Judicial Ruling;
- (g) settle any Creditor rights or dispose Debtor or Bankruptcy Assets in violation of the Plan, with the exception of any partial or total discharge of obligations granted by Creditors to Debtors;
- (h) abuse any powers for personal gain or unlawful benefit from a third party whether directly or indirectly.

Article 202:

Without prejudice to the provisions of the relevant regulations, any Creditor or person claiming such capacity shall be considered in violation of the provisions of the Law if they commit prior to or after the commencement of any of the Bankruptcy Procedures, one or more of the following acts leading to its commencement, or commit such acts during the said Procedure inflicting damages to third party rights including Creditors:

- (a) fraudulently submit a claim against the Debtor, including overstatement of its value;
- (b) agree with the Debtor on arrangements which are known to be prejudicial to the interests of other Creditors or which are preferential thereto;
- (c) abuse any of the Bankruptcy Procedures.

Article 203:

1. Without prejudice to any other more severe penalty provided for in another law, violators of the provisions of Articles (200), (201) and (202) of the Law shall be punished by imprisonment of not more

than five (5) years and a fine not exceeding five million (5,000,000) Saudi Riyals or either of the said two penalties.

2. The Court may, in addition to the penalties set out in paragraph (1) of this Article, impose penalties against violators for a period of time not exceeding five (5) years, concurrently with one or more of the following penalties:
 - (a) barring them from directly or indirectly managing any for-profit establishment or governing its operations in their capacity as director or member of its board of directors / board of managers, as well as prohibiting their participation in any for-profit establishment where their ownership therein entails their actual or de-facto management thereof;
 - (b) barring them from voting on decisions concerning the nomination, candidacy or selection of a candidate in any for-profit establishment;
 - (c) barring them from owning shares or stock in any for-profit establishment when such ownership entails engaging in any direct or indirect management activities therein;

A person punishable under paragraph (2) of this Article may request court approval to engage in any of the acts from which they are banned.

Article 204:

1. The Court shall notify the Bankruptcy Commission of any judgments issued under this Chapter immediately upon their issuance.
2. The Bankruptcy Commission shall establish a record to archive whatever judgments are issued under paragraph (2) of Article (203) of the Law and the ruling shall be made accessible to the public, in accordance with the Regulations.

Article 205:

The Court may, upon considering the imposition of any of the penalties provided for in Article (203) of the Law, order – at the request of an interested party – rule in favor of one or more of the following:

- (a) invalidate or annul the act resulting from the conduct of any of the actions provided for in Articles: (200), (201) and (202) of the Law;
- (b) recover any Debtor assets and any rights related thereto;
- (c) compensation at the request of an interested party.

Article 206:

The Bankruptcy Officeholder must notify the relevant authority if he suspects that the Debtor or any of its Creditors have committed any violations punishable under the Law.

Article 207:

Without prejudice to the provisions of Article (203) of the Law, anyone who contravenes the provisions hereof and the Regulations shall be punishable by a fine not exceeding five hundred thousand (500,000) Riyals.

Article 208:

The Public Prosecution shall be competent to investigate and prosecute criminal offenses arising herefrom. The Court shall impose the penalties prescribed herein.

Article 209:

The penalties levied for violations and offenses set forth in the Law shall be doubled in the case of repeat offences. Any person who commits a crime or an offense for which a final court conviction was rendered shall be deemed to have committed a repeat offence if said repeat offence occurs within three (3) years from the execution of the sentence.

Revocable Transactions

Article 210:

1. Any interested party shall have the right to object before the Court against any of the following actions taken by the Debtor during the twelve (12) months preceding the commencement of the procedure with a non-Related Party, or during the twenty-four (24) months preceding the commencement of the Procedure with a Related Party:
 - (a) assigning any of its Assets, rights or security interests provided, wholly or partially;
 - (b) executing transactions without consideration or for a consideration that is below its fair value;
 - (c) executing transactions involving the settlement of Debts prior to their maturity dates or the unfair settlement of the Debts;
 - (d) providing security for Debts prior to them being recorded as liabilities;
 - (e) discharging its Debtor wholly or partially from its due debt.
2. Any objection under paragraph (1) of this Article shall not be accepted after the lapse of twenty-four (24) months from the date of commencement of the procedure.

Article 211:

The Court shall rule on the objection referred to in Article (210) of the Law, by nullifying the Debtor's disposal of Assets or otherwise and its consequences, unless such disposal was in the interest of the Debtor who was not Distressed or Bankrupt at the time of making such disposal. Along with the annulment of the act of disposal, the Court may order any of the following measures:

- (a) recovery of Assets and the revenues generated from such Assets, if any, or the payment of a fair value therefor if not capable of recovery;
- (b) reconstitute the security interests provided by the Debtor;
- (c) oblige any Person who received funds from the Debtor to reconstitute such funds to the Bankruptcy Officeholder;
- (d) oblige the guarantor who was wholly or partially discharged to resubmit its security or to submit a new security with a value and ranking not less than the previous security in the event where such security cannot be reinstated.

Article 212:

The application of Article (211) of the Law shall not affect any of the rights acquired by third parties (in good faith) unless such third party was party to the act of disposal made by the Debtor.

Charges and Expenses

Article 213:

The Bankruptcy Officeholder may recover any expenses or charges pertaining to any proceedings submitted to the Court or the Competent Authority under this Chapter from the Bankruptcy Assets unless the Court obliges another party to bear these expenses or charges.

Chapter Fourteen: Securities Arrangements and Set-off associated with Financial Transactions.

Article 214:

In order to maintain the stability of the financial system, certain contracts and transactions pertaining to security interest and set-off arrangements related to financial transactions, shall be exempt from the provisions of the Law, as determined in the Regulations.

Chapter Fifteen: Right to Challenge Judgments and Decisions

Right to Object

Article 215:

1. Where not specifically provided for herein, any interested party may object before the Court to any action or decision taken by the Debtor, the Creditor, the Bankruptcy Officeholder or the Competent Authority under the Law within fourteen (14) days from the date of the decision or action.
2. Subject to the provisions of Article (217) of the Law, the judgment rendered by the Court under this Article shall be considered to be final and non-appealable.

Article 216:

1. Where not specifically provided for herein, any interested party may object before the Court to any action or decision taken by the Bankruptcy Commission save whatever pertaining to the authorization of the Officeholders and experts within fourteen (14) days for the date of the decision or action.
2. Subject to the provisions of Article (217) of the Law, the judgment rendered by the Court under this Article shall be considered to be final and non-appealable.

Article 217:

1. Any interested party may object before the Court of Appeal against the Court's judgment or decision if the subject matter of such judgment or decision is any of the following:
 - (a) rejection of the commencement of the Protective Settlement Procedure or the Financial Restructuring Procedure;
 - (b) commencement or rejection of commencement of a Liquidation Procedure, Small Debtor Liquidation Procedure or Administrative Liquidation Procedure.

- (c) termination or non-termination of any Bankruptcy Procedures;
 - (d) continuity or termination of a contract;
 - (e) taking any of the preceding precautionary measures for the commencement of the Liquidation Procedure or Small Debtors Liquidation Procedure;
 - (f) inclusion or exclusion of any claim or part thereof in the statement of claims;
 - (g) classification of Creditors and voting on the Proposal, its procedures and outcome;
 - (h) recovery of Assets and compensation for those affected by its disposal;
 - (i) ratification or non-ratification of the Proposal;
 - (j) appointment and dismissal of Officeholders, experts and determination of their remunerations and duties;
 - (k) implementation of the penalties provided for herein;
 - (l) security interest and set-off arrangements associated with financial transactions;
 - (m) set-off;
 - (n) sale of assets and distribution of proceeds among Creditors;
 - (o) change of any right in the security interests provided to Creditors;
 - (p) Debtor retaining amounts as necessary to provide him and his family with a decent standard of living;
 - (q) implementation or non-implementation of the Plan;
 - (r) settlement of the Creditors' committee;
 - (s) any other subject matter specified by the Regulations.
2. In the absence of a specific provision, the appellant shall submit its objection within fourteen (14) days from the date of the judgment, decision or publication whichever occurred earlier. In case the appellant is notified of the ruling or the decision, subject of the appeal before the publication, said appeal must be submitted within fourteen (14) days from the notification date.

Chapter Sixteen: Special Provisions Relating to Deceased Debtors

Article 219:

1. If a Debtor dies after the commencement of a Protective Settlement Procedure, Small Debtor Protective Settlement Procedure, Financial Restructuring Procedure or Small Debtors Financial Restructuring Procedure and prior to the issuance of a Court judgement ordering the termination of such procedure, then the procedure shall continue and the Plan shall be deemed in force. The Court shall invite the heirs of the deceased Debtor and his Creditors for a meeting to take any of the following actions:

- (a) resolve that the heirs of the deceased Debtor should establish a limited liability company or joint stock company, to which their rights and the rights of the Creditors in the Bankruptcy Assets represented by the Debtors' estate shall be transferred. After its establishment, the company shall be subject to the Procedure and shall replace the Debtor. The Regulations shall specify the necessary provisions pertaining thereto;
 - (b) resolve to terminate the Procedure and commence a Liquidation Procedure or an Administrative Liquidation Procedure as per the Regulations.
2. If a decision cannot be taken in accordance with paragraph (1) of this Article, then the Court shall order the termination of the procedure, commencement of the Liquidation Procedure or the Administrative Liquidation Procedure as determined by the Regulations.
3. The decision referred to in paragraph (1) of this Article shall be taken with the consent of all the heirs of the deceased Debtor and the Creditors.

Article 220:

1. If the Debtor dies after filing an application to commence a Protective Liquidation Procedure, Small Debtor Liquidation Procedure, Financial Restructuring Procedure or Small Debtors Financial Restructuring Procedure and before a Court judgement accepting or rejecting the application, then the Court shall consider the application and, if the conditions for commencing a procedure are satisfied, the Court shall invite the heirs of the deceased Debtor and his Creditors for a meeting, to take any of the following actions:
 - (a) resolve that the heirs of the deceased Debtor should establish a limited liability company or joint stock company, to which their rights and the rights of Creditors in the Bankruptcy Assets represented by the Debtors' estate shall be transferred. The company shall replace the Debtor in completing Procedure commencement requirements. The Regulations shall specify the necessary provisions;
 - (b) resolve to commence the Liquidation Procedure or the Administrative Liquidation Procedure as per the Regulations.
2. If it is proven to the Court that the conditions for commencing the Procedure are not satisfied, or if taking a decision in accordance with paragraph (1) of this article is not feasible, then the Court shall decide to commence the Liquidation Procedure or the Administrative Liquidation Procedure for the heirs of the deceased Debtor as per the Regulations.
3. The decision referred to in paragraph (1) of this article shall be taken with the consent of all heirs of the deceased Debtor and the Creditors.

Article 221:

1. If the Debtor dies after filing an application to commence a Liquidation Procedure, Small Debtors Liquidation Procedure or Administrative Liquidation Procedure, and before a Court's judgement accepting or rejecting the application, then the Court shall consider the application and, if the conditions for commencing a Procedure are satisfied but the conditions for a Financial Restructuring Procedure are not, then the Court shall invite the heirs of the deceased Debtor and his Creditors for a meeting within a period specified in the Regulations to take any of the following actions:

- (a) resolve that the heirs of the deceased Debtor should establish a limited liability company or joint stock company, to which their rights and the rights of Creditors in the Bankruptcy Assets represented by the Debtors' estate shall be transferred. The company shall replace the Debtor in completing requirements for the commencement of the Financial Restructuring Procedure. The Regulations shall specify the necessary provisions.
 - (b) resolve to commence the Liquidation Procedure as per the Regulations.
2. If it is proven to the Court that the conditions of the commencement of procedure are satisfied, or if taking a decision in accordance with paragraph (1) of this article is not feasible, then the Court shall decide on commencing the Liquidation Procedure or the Administrative Liquidation Procedure for the estate of the deceased Debtor as per the Regulations.
3. The decision referred to in paragraph (1) of this article shall be taken with the consent of all heirs of the deceased Debtor and his Creditors.

Article 222:

If the Debtor dies after the commencement of a Liquidation Procedure, Small Debtor Liquidation Procedure, or Administrative Liquidation Procedure and before the Court's judgment terminating the same, such procedure shall continue and the Officeholder or the Bankruptcy Commission shall complete their respective duties in accordance with the provisions of the Law.

Article 223:

The Regulations shall determine the procedures relating to the estate of the Distressed or Bankrupt Debtor who died before filing an application for the commencement of any Bankruptcy procedures.

Article 224:

The company referred to in paragraph (1/a) of Article (219), paragraph (1/a) of Article (220) and paragraph (1/a) of Article (221) of the Law shall be formed in accordance with the relevant laws and regulations.

Article 225:

The deceased Debtor's burial costs and expenses as well as other related administrative fees shall be rank above any senior debts.

Article 226:

The Regulations shall determine the rules applicable to the possessions transferred to the estate of the deceased Debtor subsequent to the liquidation of the estate, and following the establishment of a company pursuant to the provisions of this Chapter or after the liquidation of this company.

Chapter Seventeen: Concluding Provisions

Establishing the Bankruptcy Register and Defining its Purposes

Article 227:

1. The Bankruptcy Commission shall establish a register to be titled the Bankruptcy Register, as a depository for the information required under the provisions of this Law. The Regulations shall specify

the contents and information to be included in the Bankruptcy Register, and the procedures for updating, omitting and accessing said content and information as well as other provisions necessary for register's operations.

2. The content of the Bankruptcy Register shall be accessible to the public.

Article 228:

Notifications and publications provided for in the provisions of the Law shall be in made in accordance with the Regulations.

Article 229:

1. The Ministry shall, in coordination with the competent authorities, prepare the Regulations which will be issued pursuant to a decision rendered by the Council of Ministers.
2. The Competent Authority shall issue the necessary Regulations regulating the Regulated Entities under its control in line with the nature of these entities. Such Regulations may include provisions that exclude these entities from being subject to certain provisions of the Law, or add additional provisions, obligations or requirements to the provisions of the Law.

Article 230:

This Law supersedes the provisions of Articles 103 to 137 of the Commercial Court Law issued by Royal Decree No. 32, dated 15/1/1350H and the Bankruptcy Protective Settlement Law issued by Royal Decree No. M/16, dated 4/9/1416H, as well as any provisions contrary thereto.

Article 231:

This Law shall be published in the Official Gazette and come into force once the Regulations are issued, provided that said period not exceed one hundred and eighty (180) days from the date of its publication.