

Bankruptcy Law Implementing Regulations

Chapter One: General Provisions

Article 1:

1. Wherever contained herein, the following terms and phrases shall have the meaning ascribed to them under Article (1) of the Bankruptcy Law issued by Royal Decree No. (M/50) dated 28/5/1439H.
2. Wherever contained herein and unless the context requires otherwise, the following terms and phrases shall have the meaning ascribed below:

Bankruptcy Procedure: Any of the bankruptcy procedures provided for under Article (2) of the Law.

Information and Documents: Information and documents identified by the Bankruptcy Commission in coordination with the Ministry of Justice.

Meetings Management Rules: Rules to be issued by the Minister for the management of Bankruptcy Procedures meetings.

Article 2:

1. The following are considered Regulated Entities:
 - a) Companies engaged in providing healthcare services and healthcare products, and are subject to the Regulated Entity standards set by the Competent Authority.
 - b) Companies whose activity is to provide educational services and materials, and are subject to the Regulatory Entity standards set by the Competent Authority.
2. In coordination with the Bankruptcy Commission, the Competent Authority shall determine the Regulated Entities falling under its competence, in accordance with the standards set for that purpose.

Article 3:

The members of the Board of Directors, managers, members of the board of managers and the like of the Debtor must submit the following to the Ministry or the Capital Market Authority, as the case may be, prior including a voluntary liquidation item for a vote at the shareholders or partners Assembly:

- a) A report prepared by the Auditor accompanied by an updated budget, assuring the sufficiency of the Debtor's Assets to repay all of its Debts by the end of the proposed voluntary liquidation period, and such report shall be submitted within a period not exceeding fourteen days from the date of its preparation.
- b) A written acknowledgement stating that the Debtor continues to pay its debts.

Chapter Two: Common provisions among Bankruptcy Procedures

Application for the commencement of an Bankruptcy Procedure

Article 4:

1. The application for the commencement of the Bankruptcy Procedure shall be submitted to the Court accompanied by the Information and Documents specified therefor.
2. For the purpose of Judicial Depository, the Officeholder shall submit the decision of the Small Debtor or the Competent Authority, accompanied by the Information and Documents specified therefor.
3. If a person other than the Debtor submitted an application for the commencement of an Bankruptcy Procedure, the Court may order the Debtor to provide the Information and Documents referred to under paragraph (1) of this article.

Precautionary Measures

Article 5:

After recording the application to commencement any of the Bankruptcy Procedures, the Court may, at its own discretion or at the request of an interested party, order any of the following:

1. Appoint an Officeholder from among those listed in the Officeholders' List to replace the Debtor in the conduct of its activities and the fulfillment of his statutory duties until the judgment of the Court is issued in relation to the application for the commencement of the Procedure.
2. Attach the Assets of the Debtor which are in the possession of the latter or third parties.

Notification and Announcement

Article 6:

1. Notification by the Debtor, Officeholder or Bankruptcy Commission shall be made in accordance with the provisions of the Law and Regulations as per the prescribed form.
2. Notification by the Debtor, Officeholder or Bankruptcy Commission shall be made in accordance with the provisions of the Law and Regulations on the Bankruptcy Commission's website.
3. If the notification stipulated in the Law and Regulations is not possible, then it shall be announced to those who were not notified, the notification shall be effective as of the date thereof the announcement.
4. The Court may order the Debtor, Officeholder or Bankruptcy Commission to notify or announce any judgment, decision or action.

Documentation

Article 7:

The Debtor and Officeholder shall document in writing all actions undertaken as part of the Bankruptcy Procedure.

Submitting Documents and Information

Article 8:

1. Notifications, documents, information and the like, in accordance with the provisions of the Law and Regulations, may be sent to the national address or via electronic means, including text messages sent through a verified mobile phone, e-mail, and accounts registered in any e-Government system.
2. When there are multiple Officeholders, the notification of Officeholder selected by the Court to be the chair of the Officeholders – and any delivery of Information or Documents thereto, shall be deemed to be a duly notification or delivery of all remaining Officeholders.
3. The invitation to hold any meeting shall include the date, time and place thereof.

Article 9:

All correspondences , notifications, approvals, agreements, warnings, requests and any other documents required under the provisions of the Law or Regulations shall be in writing.

Access to Information

Article 10:

1. The Creditors Committee, Creditor and Debtor shall have the right to access the Information and Documents held with the Officeholder or the Bankruptcy Commission relating to the commenced Debtor's Bankruptcy Procedure unless the Officeholder, Bankruptcy Commission or Competent Authority decides that it is confidential for reasons to maintain the value of Bankruptcy Assets, or continuing the Procedure or activity overseen by the Competent Authority.
2. The Creditors' Committee, Creditor and Debtor may challenge the Information and Documents confidentiality decision before the Court, which may, upon overturning said decision, specify conditions for the disclosure of such Information and Documents.

Selling Bankruptcy Assets

Article 11:

The sale of Bankruptcy Assets shall be carried out by the Officeholder after the judgment or decision to commence a Liquidation or a Small Debtors Liquidation Procedure becomes final.

Enforcing Upon Secured Assets

Article 12:

Taking enforcement actions on Assets securing the Debtor's Debt shall take place during the Moratorium period, in accordance with the relevant regulations.

Statement of Claims

Article 13:

The Creditor shall submit its claim to the Officeholder or Bankruptcy Commission within the period specified for submitting said claims as in accordance with the prescribed form.

Article 14:

1. The Officeholder or Bankruptcy Commission, as the procedure may be, shall review Creditor claims, taking into account the veracity and value of each thereof and the information provided to establish such claims.
2. The Officeholder or Bankruptcy Commission shall prepare the Creditors' Statement of Claims on the basis of the information submitted thereto, provided that said Statement is submitted to the Court within fourteen (14) days from the expiry of the period specified for the submission of claims for validation. The Statement must include the following:
 - a) Creditor's name, address, and claimed amount;
 - b) identify the secured Creditors, the details of the security interest held by the secured Creditors, in addition to an evaluation of the value of assets subject of such security interests;
 - c) debts that may be set off;
 - d) A recommendation in relation to each submitted claim, to accept, reject or refer to an expert;
 - e) the Information and Documents specified therefor.

Meetings Management

Article 15:

Meeting Management Rules shall apply to any meeting - for Creditors or Creditors' Committee - to be held under the provisions of the Law or Regulations, unless otherwise agreed.

The Proposal

Article 16:

Depending on the case, the Proposal shall include the following:

- a) Information on the Debtor and the activities thereof;
- b) A statement of the Debtor's financial position and the impact of the economic situation thereon;
- c) Identifying the Debtor's Assets and evaluating the aggregate value thereof;
- d) any security provided by third parties for Debts owed by the Debtor and a description of said security provided by a Related Party;
- e) any security in relation to the Proposal - whether in-kind or personal - provided by the Owners or managers of the Debtor or any other third party;
- f) identifying Debtor Assets that are securing any Debts;
- g) identifying Debtor Assets excluded from the Proposal and the value thereof;
- h) detailed data on non-debtor assets to be included in the Proposal, indicating the sources of said assets, and any condition associated with their inclusion;
- i) a list of the claims and lawsuits filed by the Debtor as at the date of the submission of the Proposal to the Court or any claims that are likely to be made and the estimated value thereof;
- j) a list of debts owed by the Debtor, including the following:
 1. The value, origin and due date of the Debt;
 2. specify how Creditor claims, including those of secured Creditors, and those claiming to be secured Creditors are dealt with;
 3. indicate the proposed method of dealing with Creditors if they are Related Parties;
 4. disclose any circumstances that may lead to potential claims under Chapter Thirteen of the Law in the event of the initiations of any Liquidation Procedure and any Proposal to provide partial or full compensation to Debtors in the event of such circumstances.

- k) identify claims and lawsuits filed against the Debtor on the date of submission of the Proposal to the Court, or any potential claims and the estimated value thereof;
- l) details of any proposed settlement, including the restructuring of the debtor's business, activities, capital or debt, whether due or not, reduction, deferral, installment or conversion thereof into capital in the Debtor or otherwise;
- m) dates of distributions to affected Creditors and amounts thereof;
- n) the Debtor's manner of doing business during the Procedure;
- o) detailed data on any new financing the Debtor desires to obtain, and the manner by which to meet the obligations arising therefrom;
- p) detailed data on any existing or potential cross borders bankruptcy procedures.
- q) classification of Creditors, taking into account any criterion affecting said classification, including the following:
 - 1. Each class shall include similar rights holders;
 - 2. the extent to which the Proposal affects said rights and Creditor classification into more than one class.
- r) voting procedures;
- s) defining the circumstances under which the Debtor may propose to modify the plan;
- t) an item to deal with late claims not included by the Debtor in the Proposal;
- u) the timetable for plan implementation.

Article 17:

1. The Meetings Management Rules shall govern the Proposal voting process.
2. The Debtor or Officeholder, as the procedure may be, shall prepare the minutes for the Creditors Meeting to vote on the Proposal, which shall include: the date of the meeting, its time and place, the names of the Creditors present and their classification, the value of each debt and the result of the vote on the Proposal.
3. The Debtor or Officeholder, as the procedure may be, shall deposit the Proposal voting result with the Court, accompanied by the Information and Documents specified therefor.

Inscription the Type of Bankruptcy Procedure in the Debtor's Documents

Article 18:

1. Upon initiating any Protective Settlement or Financial Restructuring Procedure, the Debtor shall include any document issued on its behalf, the type of initiated Procedure and, in the case of a Financial Restructuring Procedures, the Officeholder shall ensure the Debtor's compliance therewith.
2. Upon initiating any Liquidation Procedure, the Officeholder or Bankruptcy Commission, as the procedure may be, shall state in any document issued on behalf of the Debtor, the type of initiated Procedure.

Procedure Expenses

Article 19:

Bankruptcy Procedure expenses shall be paid out of the Bankruptcy Assets, unless misuse or abuse is proven to have occurred.

Termination of Procedure

Article 20:

1. A request for termination of Bankruptcy Procedure shall be submitted accompanied by the Information and Documents specified for that purpose.
2. The Debtor or Officeholder - as the procedure may be - shall notify the Creditors before submitting the request for termination of Bankruptcy Procedure to the Court, and any interested party may object to the application before the Court within 14 days from the date of its submission.
3. The Creditor shall notify the Debtor or the Officeholder - as the procedure may be - prior to submitting the request for termination of Bankruptcy Procedure to the Court. Any interested party may object to the application before the Court within 14 days from the date of its submission.
4. Interested parties shall notify the Debtor or Officeholder - as the procedure may be - prior to submitting the request for termination of Bankruptcy Procedure to the Court. Debtors and Officeholders may object to the application before the Court within 14 days from the date of its submission.
5. The notification provided for in paragraphs (2), (3) and (4) of this Article shall include the following:
 - a) The date on which the request for termination of Bankruptcy Procedure is submitted to the Court;
 - b) the reasons for submitting the request.
6. Upon conclusion of the plan, the Debtor or Officeholder - as the procedure may be - must petition the Court to declare the termination of Bankruptcy Procedure, accompanied by the Information and Documents specified therefor.

Remained Debt Owed by Natural Debtor

Article 21:

1. A natural Debtor - who was not discharged from a debt - shall notify his Creditors when he commences a commercial, professional or profit-making activity within (24) months from the termination date of any Liquidation Procedures
2. If funds were received by a natural Debtor -who was not discharged from a debt- within twenty four (24) months from the date of any Liquidation Procedure, the Debtor must submit a petition to the Court requesting the distribution of such fund. His request must be accompanied with Expert's report stating the following:
 - a) The amount of money retained by him and allowing him and his dependents to live comfortably;
 - b) the amount of money retained by him for the continuation of his activity (if any);
 - c) the amount of money to be paid to Creditors, each according to their shareholdings and priority.
3. If the Debtor fails to submit to the Court in accordance with the provisions of this Article, then the Creditors may apply to the Court to claim their share of the money received by the Debtor, with said Court deciding the right of Creditors to claim their debts with the competent court.

General Provisions applicable to Officeholders

Article 22:

1. The Officeholder shall start his duties from the date of initiating the Bankruptcy Procedures, unless the judgment of the Court stipulates another such date.
2. A judgment of the Court stipulating the appointment of more than one Officeholder must state the respective duties and powers thereof.

3. If the Court decides that another person shall be subject to the Procedure initiated for the Debtor, then it shall appoint an Officeholder for that person from the Officeholders' List.
4. Immediately upon the end of the Bankruptcy Procedure, the Officeholder shall submit to the Debtor all Debtor assets, records, correspondences, claims and any other Information or Documents relating to the Procedure acquired or generated thereby during his tenure as Officeholder.

Resignation or Dismissal of Officeholders and Experts

Article 23:

1. The Bankruptcy Commission shall notify the Court of the cancellation, suspension or non-renewal of the license of the Officeholder or Expert, in order to consider his dismissal or continuation in managing the Bankruptcy Procedure to which he was assigned.
2. The Officeholder may submit his resignation to the Court based on legitimate grounds accepted by the Court, including the following:
 - a) Health conditions that preclude the performance of his duties and responsibilities;
 - b) the emergence of a conflict of interest affecting his impartiality and independence in the performance of his duties and responsibilities.
3. If the Court decided to accept the Officeholder's resignation, he shall inform the Creditors of the decision thereof or make an announcement pertaining thereto within seven (7) days of the date thereof.
4. The resigned or dismissed Officeholder shall deposit with the Bankruptcy Register the decision of the Court to dismiss him or accept his resignation.
5. The decision of the Court to dismiss the Officeholder or accept his resignation must include the appointment of a new Officeholder from the Officeholders' List, and the appointed Officeholder must deposit with the Bankruptcy Register the decision of the Court to appoint him.
6. If the Officeholder is dismissed or resigned during the Bankruptcy Procedure, he shall, within fourteen (14) days from the date of the Court's decision to dismiss him or accept his resignation, give possession to the new Officeholder – pursuant to minutes signed by both - all the Debtor's Assets, as well as all Procedure related records, correspondences, claims and any other Documents and Information he held or created during his tenure as Officeholder.

Creditors' Committee

Article 24:

1. The Creditors' Committee shall consist of at least three Creditors (members) appointed by a decision of the Court at its own discretion or at the request of the Officeholder or Creditors whose claims represent 50% of the total value of Debts, in cases where the Court determines that the formation of said Committee is appropriate.
2. Upon deciding to form a Creditors' Committee, the Court shall notify the Officeholder thereof, who, within five (5) days of the date of notification, shall seek candidates from the ranks of Creditors. Creditors wishing to apply shall submit their applications to the Officeholder within (14) days from the date of notification.
3. For creditor to be candidates to the Creditors' Committee must:
 - a) have an admissible claim in the Statement of Claims;
 - b) the debt, subject of the claim, must not be secured in its entirety.
4. The Officeholder shall submit to the Court a list of candidates accompanied by the proposed composition and its justification, taking into account equitable representation of Creditors. The Court shall issue its decision to form the Creditors' Committee and appoint one of the members thereof as

Chairman. The Officeholder shall deposit a copy of the Court decision in the Bankruptcy Register. The decision shall come into effect from the date of its deposit in the Register.

Article 25:

1- Creditor membership in the Creditors' Committee shall terminate when:

- a) the Court decides to initiate an Bankruptcy procedure for the relevant member;
- b) If the member does not attend 3 consecutive meetings without an excuse acceptable to the Chairman of the Committee;
- c) if the member is no longer a Creditor.
- d) If the member requested termination of its own membership by a letter to the Officeholder.

2- The Officeholder shall notify the court of the expiry of the membership of the Creditors Committee's membership, and the court may – at its discretion or at the request of the Officeholder - appoint a replacement.

Responsibilities and Meetings of the Creditors' Committee

Article 26:

1. The Creditors' Committee undertakes to represent the Creditors in fulfilling the responsibilities stipulated in the Law and Regulation, including:
 - a) approving the sale of any Asset the value of which exceeds one quarter of the aggregate value of Bankruptcy Assets;
 - b) Counsel the Officeholder - at his request - when making decisions regarding the sale of Bankruptcy Assets;
 - c) provide an opinion when preparing the Proposal and the Proposal modification plan.
 - d) provide an opinion on Debtors receiving secured financing;
 - e) report any violation of the Law or Regulations;
 - f) provide an opinion on terminating the Debtor's contracts;
 - g) any other responsibility assigned thereto by the Court or provided for in the plan.
2. The Creditors' Committee shall hold its meetings at the time and place determined by the Chairman of the Committee.

Article 27:

1. The Chairman of the Creditors' Committee shall manage its meetings, and may, in his absence, delegate another member in writing to perform said duties;
2. a Creditors' Committee meeting shall be quorate if only attended by majority of its members (at least) and shall adopt decisions by a majority vote of the members present;
3. meetings of the Creditors' Committee, its deliberations and voting on its decisions may be conducted by modern technological means;
4. Minutes of meeting shall be drafted for the meeting of the Creditors' Committee where decisions shall be recorded. The Committee shall provide the Officeholder with a copy of said minutes.

Article 28:

Any reasonable expenses incurred by a member of the Creditors' Committee to attend meetings thereof shall be covered out of the Bankruptcy Assets.

Article 29:

Membership to the Creditors' Committee shall not preclude dealing with the Debtor so long it is in good faith and for fair value.

The Person Whose Funds are Found in the Possession of the Debtor

Article 30:

During the Moratorium period, the Court shall consider the requests of Creditors whose [assets/funds] are in the Debtor's possession and shall order the restitution of the said [assets/funds] in the following cases:

- a) If the value of said [assets/funds] has not changed either by an increase, decrease, modification or mixed with another person's [assets/funds], changing the nature thereof;
- b) if the Creditor has not recovered any portion of said [assets/funds];
- c) if the Creditor submitted its application within 5 days from the Moratorium date.

Plan Modification

Article 31:

1. The Court shall, at the request of the Debtor or Officeholder and pursuant to the relevant procedure, as the procedure may be, submit a proposal to the Creditors and Owners to modify the plan, and shall set a date for voting thereon in any of the following cases:
 - a) Upon actual occurrence of any of the events necessitating a modification;
 - b) if a situation arises affecting the implementation of the plan that is not mentioned in the plan, provided that the request must be submitted within 14 days of the occurrence of the following effective cases:
 1. Force majeure events.
 2. Emergencies, such as exceptional economic or financial disturbances or the death of the plan's guarantor.
 3. The commencement of an Bankruptcy Procedure affecting one of the Debtor's contractors whose goods or services are necessary for the Debtor's continued activity.
 - c) If the modification is proposed by one or more Creditors whose claims represent 50% or more of the total value of Creditor debts as set out in the plan or when said Creditors approve the request for modification submitted by the Debtor.
2. The Plan modification request provided for in paragraph (1) of this Article shall be accompanied by the Information and Documents specified for that purpose.
3. The Court may, upon the request of the Debtor or Officeholder, suspend the claims if the reason for the modification of the Plan is the occurrence of a material event.
4. The provisions governing voting by the Creditors and Owners on the Proposal and the ratification thereof, as well as all those governing all relevant notifications and announcements, shall apply to any vote on the Proposal to modify and ratify the Plan.

Chapter Three: Protective Settlement Procedure

Officeholder Annotation of the Proposal

Article 32:

The Proposal accompanying the **application for the commencement** of a Protective Settlement Procedure shall be annotated by the Officeholder whose name is included on the Officeholders List indicating that Information and Document requirements have been satisfied.

Notification of the Court's Judgment to Commence the Procedure

Article 33:

1. The Debtor shall notify the Creditors specified in the Proposal of the Court's judgment to commence a Protective Settlement Procedure within seven (7) days from the date of its issuance, and invite them to vote on the Proposal, provided that the notification is accompanied by a copy of the Proposal or information pertaining to granting access thereto by any electronic means determined by the Bankruptcy Commission.
2. The Creditor - whose claim has not been included in the Proposal - shall apply to the Court for inclusion therein within fourteen (14) days from the date on which the Debtor announces the commencement of the Procedure provided for in paragraph (2) of Article (16) of the Law.

Moratorium

Article 34:

The Debtor shall deposit the Court's decision to approve the claims Moratorium request or the extension of the claim application period in the Bankruptcy Register immediately upon its issuance.

Article 35:

The application shall be submitted pursuant to paragraphs (1) and (3) of Article 11 of the Law, with the Information and Documents specified therefor attached thereto.

Contracts

Article 36:

The due of care exerted for the Debtor's fulfillment of its contractual obligations arising after the commencement of the Protective Settlement Procedure - in accordance with the provisions of paragraph (3) of Article (24) of the Law – shall comprise the following:

- a) The provision of security from the Debtor, without prejudice to the provisions pertaining to secured financing provided for in the Law;
- b) provide third party security.

Article 37:

1. Debtors wishing to terminate any of the contracts to which they are a party to shall submit the request for termination to the Court along with the request for commencement a Protective Settlement Procedure, accompanied by a report from an Officeholder from among those listed in the Officeholders' List indicating that termination is necessary to protect the Debtor's business and the interests of the majority of Creditors, and does not cause grave harm to the counterparty.
2. Debtors shall notify the counterparty of the date of the Court's hearing pertaining to the termination request at least five (5) days prior to its date and of the Court's decision to terminate within (five) days from the date of its issuance if the counterparty did not attend the hearing.

Modifying the Proposal

Article 38:

1. Debtors may, for acceptable reason, apply to the Court for approving the Modification of the Proposal.
2. In approving the proposed Modification, the Court shall take into account the voting date and may amend said date so as to enable Creditors to study the Modification.
3. Debtors shall notify Creditors of the Proposal Modification and of the voting date within five (5) days of Court's approval pertaining thereto, as well as attach to the notification a copy of the Proposal or information pertaining to getting access thereto by any electronic means determined by the Bankruptcy Commission, and deposit a copy thereof with the Court.

Voting on the Proposal

Article 39:

Only the Creditor or Owner whose legal or contractual rights will be affected by the Proposal including the reduction, delay or installment in the fulfillment of rights, shall have the right to vote thereon.

Article 40:

If the Debtor does not deposit the outcome of the voting on the Proposal with the Court in accordance with paragraph (4) of Article (31) of the Law, the Court may take any action as it deems fit.

Court Ratification

Article 41:

The Debtor shall submit to the Court the request for ratification of the Proposal, accompanied by the Information and Documents specified for that purpose.

Chapter Four: Financial Restructuring Procedure

Article 42:

The Debtor, Owner, manager, the person in charge, board member or auditor shall be exempted from applying the provisions of the Companies' Law with respect to the Debtor's losses reaching the percentage specified in the Companies Law, if the petition for the Financial Restructuring Procedure is recorded before the expiry of the period specified in said Law, unless the Court rejects the commencement of or the termination of the Procedure.

Article 43:

A person whose owns assets are either held or ceased by the Debtor shall file a claim to the court for restitution thereof, accompanied by the Information and Documents specified for that purpose.

Access to the Statement of Claims

Article 44:

The Officeholder shall permit the Creditors to have access to the Statement of Claims ratified by the Court.

Voting on the Proposal

Article 45:

1. When depositing the Proposal with the Court, the Officeholder shall attach to the Proposal his report indicating his opinion whether or not the Creditors would approve the Proposal and the enforceability of the Proposal .
2. Subject to Officeholder's approval, the Debtor shall notify the Creditors and Owners affected by the Proposal of the voting date in accordance with the prescribed form, provided that a copy of the Proposal is attached to the notification or is made accessible by any electronic means determined by the Bankruptcy Commission.

Article 46:

1. The Owners' meetings shall be quorate only when attended by the Owners representing at least one quarter of the Company's capital. The Owners' resolution shall be passed by a two-thirds majority of the shares or voting shares represented unless the Company's Articles of Association or Regulations provide otherwise.
2. Creditors shall vote on the Proposal at the scheduled date, even if the Owners voted against or were unable to vote on the Proposal.
3. The Officeholder shall deposit the result of the vote on the Proposal with the Court and request the ratification of the Proposal or the termination of the Financial Restructuring Procedure.
4. In the event that the Creditors were unable to vote on the Proposal, the Officeholder shall submit a request to the Court to determine another date for the vote or request to terminate the Procedure, and attach to said request the Information and Documents specified for that purpose.

Debtor's Reports

Article 47:

The Debtor shall prepare a report every three months on the progress of the implementation of the plan and the management of the Debtor's business and submit it to the Officeholder provided that such report should include the following:

- a) A statement on the status of the accomplished parts of the plan during report period;
- b) a statement on the difficulties faced by the Debtor in the implementation of the plan and the steps taken or proposed to be taken under the plan to overcome said difficulties;
- c) financial statements if the Debtor is a corporate person, and a financial position statement if a natural person;
- d) any other information or data determined by the Bankruptcy Commission.

Chapter Five: Liquidation Procedure

Payment Request

Article 48:

The Creditor's demand for payment issued to the Debtor under paragraph (2/c) of Article (93) of the Law must be dated and specifies the amount of debt and the reason for debt initiation.

Article 49:

The Debtor must, when submitting a request to commence a Liquidation Procedure shall inform the Creditors of such request and the date of court hearing scheduled in this regard within seven (7) days from the submission date. The Creditor may object to the submission before the Court at least five (5) days prior to the date of the hearing session.

Declaration Pre-Sale of Bankruptcy Assets

Article 50:

1. The Officeholder shall request from the Court to identify the Bankruptcy Assets which must be subject to declaration before their sale, accompanied by the Information and Documents specified for that purpose.
2. When identifying Bankruptcy Assets subject sale announcement, the following factors must be taken into account:
 - a) The Assets are material Bankruptcy Assets;
 - b) the effect of the announcement on the value of said Asset;
 - c) the cost of the announcement.
3. The Court shall determine the publication means as it deems appropriate.

Article 51:

If any of the Bankruptcy Assets are subject to dispute, the Officeholder shall only sell the said Asset after obtaining the Court's approval.

Deductions

Article 52:

The commencement of a Liquidation Procedure shall not affect any discounts due to the Debtor prior to commencement, even if otherwise agreed.

Employment Contracts

Article 53:

1. The request of Officeholder's submitted to the Court- with regard to the termination of the employment contracts of the employees of the Debtor- shall include the reasons for said request and a detailed statement of such contracts.
2. The remuneration of employees who continue to perform their duties after the commencement of the Liquidation Procedure shall be paid as soon as they are due until either the expiry of their contracts or the termination of the Procedure.

Distribution to Creditors

Article 54:

1. The decision of the distribution to the Creditors shall include the following:
 - a) A statement listing the Bankruptcy Assets that were sold and the sale proceeds;
 - b) a statement specifying the method and date of the distribution of the proceeds generated from the sale of Bankruptcy;
 - c) the names of the Creditors and the amounts allocated to each of them in accordance of the order of priority, taking into account the deductions resulting the profits realized from the early repayment of future dues, profit deductions in the case of early repayment upon distribution to the Creditors.
2. If the event where the Officeholders discovers an event that necessitates amending the decision of distribution, then the Officeholder shall petition the Court to approve said amendment, provided that he submits material in support such request.

Article 55:

The Officeholder shall retribute to a natural Debtor or Owner of a corporate Debtor the balance of proceeds from the sale of the Bankruptcy Assets once all Creditors rights have been fulfilled.

Article 56:

At the Debtor's request, the Officeholder may submit a petition the Court to postpone the termination of a Liquidation Procedure for acceptable grounds, including taking procedures against third parties for obtaining compensation or restitution of an asset; such petition to include the Information and Documents specified for that purpose.

Chapter Six: Small Debtors' Protective Settlement

Contract Termination

Article 57:

1. Small debtors wishing to terminate any of the contracts to which they are a party shall submit a request for termination to the Court after depositing the decision to commence a Small Debtors' Protective Settlement Procedure with the Bankruptcy Register prior the Creditors' vote on the Proposal, to be accompanied by a report from an Officeholder from those appearing the Officeholders' List indicating that termination is necessary to protect the Debtor's business and the interests of the majority of Creditors, and does not cause serious harm to the counterparty.
2. Small Debtors shall inform the counterparty of the date of the Court hearing at least five (5) days prior to the date set therefor, and of the Court's decision to terminate within five (5) days from the date of its issuance if the counterparty did not attend the hearing.

Calling for a Vote on the Proposal

Article 58:

Small Debtors shall notify the Creditors named in the Proposal of the date for voting thereon, and shall attach a copy of the Proposal to the notification or provide access thereto by any electronic means determined by the Bankruptcy Commission.

Claims Moratorium

Article 59:

Small Debtors shall attach to the request for a Claim Moratorium the Information and Documents specified therefor.

Article 60:

1. Small Debtors shall, upon issuance of the Court decision approving the request for a Claims Moratorium or extension, deposit the decision with the Bankruptcy Register.
2. Small Debtors shall announce the Court's decision approving the request for a claims Moratorium or extension within (five) days from the issuance date thereof.

Depositing the Vote Result

Article 61:

Small Debtors shall, within five (5) days from the end of the voting on the Proposal by the Creditors, submit to the Bankruptcy Register documents evidencing the deposit of the vote result with the Court and shall publish the coming into force of the Plan within five (5) days from the date thereof.

Chapter Seven: Small Debtors' Financial Restructuring Procedure

Commencement of the Procedure

Article 62:

1. The Small Debtor or Competent Authority shall issue the decision to commence a Small Debtors' Financial Restructuring Procedure in accordance with the prescribed form.
2. The Officeholder shall verify, on the basis of information provided to him by the Small Debtor or the Competent Authority, that the conditions for commencement of procedure set forth under Article (148) of the Law are met prior to the Judicial Depository.
3. The Judicial Depository request shall be filed with the Court, which shall issue its decision regarding the acceptance of the Depository within three (3) days of the filing date.
4. If the application for commencement of procedure is submitted by the Creditor, then the Court shall set a date for its consideration, provided that it shall be within (forty) days from its filing date. The Creditor and Small Debtor shall be informed of the hearing date within (five) days from the filing date, with the application subject to the provisions of Article (148) of the Law.

Article 63:

The Officeholder shall deposit with the Bankruptcy Register the Court's decision to commence a Small Debtors' Financial Restructuring Procedure or its decision to accept the Judicial Depository within five (5) days of Procedure commencement.

Proposal for a Small Debtors' Financial Restructuring Procedure

Article 64:

Small Debtors, with the assistance of the Officeholder, shall draft the Proposal within thirty (30) days of the expiry of the Claims submission period. The Court may, upon the request of the Officeholder, extend this period for a duration not exceeding thirty (30) days.

Officeholder's Report

Article 65:

Along with the submission of the Proposal to the Court, the Officeholder shall attach a report indicating his opinion regarding whether the Creditors will approve the Proposal and the viability of such Proposal to be implemented.

Depositing the Vote Result

Article 66:

Small Debtors shall, within five (5) days from the end of the voting on the Proposal by the Creditors, submit to the Bankruptcy Register documents evidencing the deposit of the vote result with the Court and shall publish the coming into force of the Plan within five (5) days from the date thereof.

Chapter Eight: Small Debtor's Liquidation Procedure

Commencement of the Procedure

Article 67:

1. The Small Debtor or Competent Authority shall issue the decision to commence a Small Debtors' Liquidation Procedure in accordance with the prescribed form.
2. The Officeholder shall verify, on the basis of information provided to him by the Small Debtor or the Competent Authority, that the conditions for commencement of procedure set forth under Article (163) of the Law are met prior to the Judicial Depository.
3. The Judicial Depository request shall be filed with the Court, which shall issue its decision regarding the acceptance of the Depository within three (3) days of the filing date.
4. If the application for commencement of procedure is submitted by the Creditor, then the Court shall set a date for its consideration, provided that it shall be within (forty) days from its filing date. The Creditor and Small Debtor shall be informed of the hearing date within (five) days from the filing date, with the application subject to the provisions of Article (163) of the Law.

Chapter Nine: Administrative Liquidation Procedure

Article 68:

The Bankruptcy Commission may seek the assistance of those it deems necessary to perform the Administrative Liquidation Procedure.

Determining Bankruptcy Assets

Article 69:

The Bankruptcy Commission shall prepare an inventory of Bankruptcy Assets, including the estimated value thereof.

Bankruptcy Asset Sale Proceeds**Article 70:**

Bankruptcy Asset Sale Proceeds shall be ineffective in the following cases:

- a) if the estimated cost for selling the Asset is equal to or greater than the estimated value of the sale thereof;
- b) if the Asset cannot be sold within a reasonable period of time.

Article 71:

If the sale Bankruptcy Assets results in sufficient proceeds to meet the Liquidation or Small Debtors' Liquidation Procedure expenses, such proceeds shall be distributed in the following order:

- a) Bankruptcy Commission fees and expenses;
- b) distribution to Creditors in accordance with the distribution provisions provided for in the Law and Regulations.

Terminating the Procedure**Article 72:**

1. The Bankruptcy Commission shall deposit with the Court the decision to terminate the Administrative Liquidation Procedure accompanied by the Information and Documents specified for that purpose. Evidence of the termination of the Procedures shall be deposited with the Bankruptcy Register and the Commercial Register within five (5) days from the termination date.
2. The decision to remove the name of the Debtor from the Bankruptcy Register as provided for in paragraph (5) of Article (179) of the Law shall be limited to natural Debtors.

Chapter Ten: Mutual Debts and Set-off**Article 73:**

An automatic set-off shall not take place on the basis of an assignment of debt created after the application for the commencement of any Liquidation Procedure.

Multilateral Set-off**Article 74:**

The Competent Authority shall issue the rules governing the conduct of multilateral set-off transactions between the Regulated Entities engaged in financial activities.

Exchange Rates**Article 75:**

The Automatic set-off shall be effected at the exchange rates of the Saudi Arabian Monetary Agency as at the date of Procedure commencement.

Chapter Eleven: Debt Ranking

Article 76:

The debt ranking within each category as set out under Article (196) of the Law shall be in the order determined in the relevant regulations.

Article 77:

The debts of the Debtor which are necessary for the continuation of its activities, arising after the commencement of an Bankruptcy Procedure, shall be considered Procedure expenses subject to the payment priority thereof in accordance with the provisions of paragraph (e) of Article (196) of the Law.

Article 78:

The dues shall be paid prior to the termination of the Protective Settlement, Small debtors' Protective Settlement Procedures, Financial Restructuring Procedure or Small Debtors' Financial Restructuring Procedure, in the following order:

- a) Any Officeholder or Expert fees and expenses to be paid during the course of the Procedure;
- b) any financing received by the Debtor in accordance with the provisions of Chapter Ten of the Law;
- c) expenses necessary to maintain Debtor's activities during the course of the Procedure, including the provision of goods and services, as well as employment contracts.

Chapter Twelve: Security Arrangements and Set-off associated with Financial Transactions

Article 79:

The Saudi Arabian Monetary Agency (SAMA) and the Capital Market Authority (CMA) shall, in agreement with the Ministry, define, pursuant to the provisions of Article (214) of the Law, the contracts and transactions which consist of security interest and set-off arrangements related to financial transactions, as well as the provisions of the Law from which they shall be excluded.

Chapter Thirteen: Right to Challenge Judgments and Decisions

Article 80:

Any interested party may challenge any judgment or decision of the Court before the Court of Appeal if the subject relates to any of the following:

- a) The joint responsibility of Owners under paragraph (2) of Article (120) of the Law;
- b) transactions subject to invalidation under Chapter Thirteen of the Law.

Chapter Fourteen: Special Provisions Relating to Deceased Debtors

Procedures relating to Deceased Debtor, where procedures commenced prior to death

Article 81:

If the Debtor dies during the validity of the Protective Settlement or Small Debtors' Protective Settlement Procedure, the Court may, at the request of any of his heirs or Creditors, temporarily appoint an Officeholder from among those listed on the Officeholders' List to manage the business of the deceased Debtor until the establishment of a company, or terminate the Procedure in accordance with the provisions of Chapter Sixteen of the Law. Any Creditor or heir may propose the name of the Officeholder to the Court.

Meeting of heirs and Creditors

Article 82:

1. The Court – pursuant to the provisions of Articles (219), (220) or (221) of the Law – shall schedule a meeting between the heirs of the deceased Debtor and his Creditors, upon the request of either of them, provided that the date set shall be within thirty days from the date of the request, unless the Court determines that the circumstance dictate at the discretion of the Court to set the another date no later than thirty days thereafter.
2. The party that submitted the meeting request shall announce the scheduled meeting date within five (5) days of the Court's decision to schedule said meeting.
3. The meeting of the heirs and Creditors of the deceased Debtor shall be conducted in accordance with the Meetings Management Rules.

Procedures relating to Deceased Debtor, where Protective Settlement Procedures commenced prior to death

Article 83:

If a bankrupt or bankrupt Debtor deceased prior to filing an Bankruptcy Procedure commencement application, his heirs, after agreeing with the Creditors to establish a company and transfer the estate assets thereto, may apply to the Court for the commencement of the appropriate Bankruptcy Procedures for the company.

Article 84:

1. If new [assets] are acquired by the estate of the deceased Debtor after the establishment of a company pursuant to the provisions of Chapter Sixteen of the Law, then assets shall be paid to that company, unless the heirs and Creditors agree otherwise.
2. If new [assets] are acquired by the estate of the deceased Debtor after the after the liquidation of the estate – by virtue of any Liquidation Procedure – or after the establishment of a company pursuant to the provisions of Chapter Sixteen of the Law – then said [assets] shall be paid to the Creditors, each according to his share and order of priority. Creditors may claim said [assets] before the competent court.

Chapter Fifteen: Bankruptcy Commission

Article 85:

Subject to the provisions of Article (9) of the Law, the Bankruptcy Commission shall have the following powers:

- a) Issue the rules for keeping and managing the Bankruptcy Register as well as the register stipulated under paragraph (2) of Article (204) of the Law;
- b) issue the licensing rules for Officeholders and Experts;
- c) issue the rules governing the role of Bankruptcy Officeholders and Experts in coordination with the Ministry of Justice;
- d) issue code of professional conduct for Officeholders and Experts;
- e) issue inspection and investigation rules;
- f) issue rules for the nomination of Officeholders and Experts in coordination with the Ministry of Justice.

Article 86:

1. The staff of the General Secretariat of the Bankruptcy Commission - appointed by a Committee resolution - shall carry out inspections, verification and control. The Committee shall be assisted in the performance of such tasks by whomever it deems fit.
2. In performing their duties, persons carrying out inspection, verification and control activities shall be entitled to access and obtain any statement, document, file or decision which is necessary for the conduct of their work, or to request the latter from any person in possession thereof.
3. The Bankruptcy Commission shall submit a request to impose the penalty provided for in Article (207) of the Law, provided that the application is accompanied by the Information and Documents specified therefor.

Article 87:

The staff of the General Secretariat of the Bankruptcy Commission shall be subject to the provisions of the Labor and Social Insurance laws.

Article 88:

In coordination with the Ministry of Justice, the Bankruptcy Commission shall specify the Information and Documents referred to in the Law and Regulations, which shall be published in the Official Gazette and shall come into effect from the date of the publication thereof.

Chapter Sixteen: Bankruptcy Register

Article 89:

1. The Documents and Information shall be electronically deposited in the Bankruptcy Register in accordance with the form specified, and shall be accessible to the public for review on the Bankruptcy Commission's website.
2. Any person who deposited a Document or Information in the Bankruptcy Register shall update the latter whenever changes occur thereto.

Article 90:

The Register- referred to under paragraph (2) of Article (204) of the Law- shall be made accessible on the website of the Bankruptcy Commission when the judgment ordering the conviction becomes final. The accessible information shall be limited to the name of the party convicted under Paragraph (2) of Article (203) of the Law shall be made available, in addition to the type of the sanction and the and duration of the sentence.

Chapter Seventeen: Officeholders and Experts**Licensing Officeholders and Experts****Article 91:**

1. The licensing rules shall specify the terms and procedures for granting the license, as well as the duties of the licensee.
2. The name of the licensee shall be recorded in the Officeholders or Experts lists and shall continue to be on the list until:
 - a) Expiration of the license;
 - b) The issuance of a decision by the Bankruptcy Commission temporarily suspending or canceling the license.
3. If the licensee breaches his duties or the conditions of the license, the Bankruptcy Commission may impose any of the following penalties:
 - a) Warning.
 - b) Admonishment.
 - c) Suspension of the license.
 - d) Cancellation of the license.
4. The decision of the Bankruptcy Commission to suspend or cancel the license shall be become effective from the date of notification thereof.

Duties of the Officeholders and Experts**Article 92:**

Officeholders and Experts shall comply with the provisions of the Law, Regulations and rules issued by the Bankruptcy Commission, as well as all applicable laws, regulations and rules.

Licensing Accreditation by Professional Body**Article 93:**

1. The Bankruptcy Commission shall accredit professional bodies for the licensing of Officeholders or Experts as follows:
 - a) The professional body shall comply with the conditions set by the Bankruptcy Commission;
 - b) the professional body shall be specialized in regulating the practice of the profession and shall supervise the work thereof;
 - c) the license issued by the professional body shall be limited to those holding a membership with said body.
2. The Bankruptcy Commission may cancel the accreditation of the professional body that does not observe the specified conditions.

Officeholder and Expert Remunerations

Article 94:

Officeholders and Experts shall be entitled to receive a remuneration for the performance of the tasks assigned to them in the respective Bankruptcy Procedure in accordance with the rules setting out the remuneration of Officeholders and Experts.

Chapter Eighteen: Final Provisions

Article 95:

All the dealings stipulated in the Law or Regulations may be conducted electronically.

Article 96:

It is permissible to seek assistance from the private sector in carrying out supporting services for the implementation of the provisions stipulated in the Law and Regulations.

Article 97:

1. In coordination with the Minister of Justice, the Minister shall issue the rules governing cross borders Bankruptcy Procedures.
2. The Minister shall issue the Meetings Management Rules.
3. The Minister of Justice shall, with the Supreme Council of the Judiciary, issue the rules governing procedures in Bankruptcy lawsuits, including the procedures for the consideration of applications, the issuance of judgments and decisions, appeals, and enforcement thereof.
4. In coordination with the Bankruptcy Commission, the Minister of Justice shall issue the rules pertaining to the remuneration of Officeholders and Experts.

Article 98:

The Regulations and rules to be issued in accordance with the Regulations shall be published in the Official Gazette and shall come into force as at the respective date of publication thereof.