

Legislative Decree No. 22 of 2018 Promulgating the Reorganization and Bankruptcy Law

We, Hamad bin Isa bin Salman Al Khalifa, King of the Kingdom of Bahrain,

- Having perused the constitution;
- Civil and Commercial Proceedings Law promulgated by Legislative Decree 12 of 1971, as amended;
- Legislative Decree No. 3 of 1972 concerning the judicial fees, as amended;
- Penal Law promulgated by Legislative Decree No. 15 of 1976, as amended;
- Commercial Law promulgated by Legislative Decree No. 7 of 1987, as amended;
- Bankruptcy and Composition Law promulgated by Legislative Decree No. 11 of 1987;
- Legislative Decree No. 10 of 1992 regarding Commercial Agencies, as amended;
- Legislative Decree No. 3 of 1995 with respect to Experts Roll;
- Civil Law promulgated by Legislative Decree No. 19 of 2001;
- Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001, as amended;
- Legislative Decree No. 28 of 2002 with respect to Electronic Transactions Law, as amended;
- Criminal Proceedings Law promulgated by Legislative Decree No. 46 of 2002, as amended;
- Law No. 7 of 2003 concerning Commercial Secrets, as amended;
- Law No. 17 of 2006 concerning Regulations of Labor Market, as amended;
- Law No. 57 of 2006 concerning Establishment of Labor Fund, as amended by Law No. 19 of 2015;
- Bahrain Central Bank and Financial Institutions Law promulgated by Law No. 64 of 2006, as amended;
- Labor Law for the Private Sector promulgated by Law No. 36 of 2012, as amended;
- Legislative Decree No. 48 of 2012 concerning Bahrain Chamber of Commerce and Industry,
- Law No. 6 of 2015 concerning Conflict of Laws in Civil and Commercial Matters Involving a Foreign Element;
- The Shura Council and Council of Representatives adopted the following law, which we ratified and promulgated:

Article One

The provisions of this law shall apply subject to the provisions of the second article.

Article Two

The Bankruptcy and Composition Law promulgated by Legislative Decree No. 11 of 1987 is repealed. Any provision in any other law that is inconsistent with this law is also be repealed.

Except that the provisions of the Bankruptcy and Composition Law apply to proceedings and claims filed in accordance with its provisions before this law comes into effect.

Article Three

The Prime Minister and Ministers, each in his respective capacity, shall implement the provisions of this law, which shall enter into effect six (6) months after its publication in the Official Gazette.

King of the Kingdom of Bahrain
Hamad bin Isa Al Khalifa

Issued at Riffa Palace

Date: 14 Ramadan 1439 H.

Corresponding to: 30 May 2018

THE BANKRUPTCY AND REORGANISATION LAW

Preliminary Chapter
 General Provisions

Article 1
 Definitions

For the purpose of this Law, the following words and phrases shall have the meaning herein assigned unless the context otherwise requires:

Kingdom: the Kingdom of Bahrain.

Ministry: the competent Ministry for justice affairs.

Minister: the competent Minister for justice affairs.

Court: the Court or Committee referred to in Article 23 of this Law.

Regulatory Authority: the administration that licenses, regulates the business activity, controls and supervises the Debtor.

Bankruptcy Estate: the Debtor's Property that are subject to Bankruptcy Proceedings, also referred to as the Debtor's Assets for the purpose of Reorganisation Proceedings.

Bankruptcy Judge: the judge appointed by the Court according to Article 18-B of this Law.

Bankruptcy Trustee: the person appointed by the Court to perform the duties and responsibilities under this Law and depending on the type of procedure to include the Liquidation Trustee for Liquidation or the Reorganisation Trustee for Reorganisation Proceedings.

Experts Roll: the Register referred to in the Experts Roll Law.

List of Bankruptcy Trustees: the List established under the Experts Roll Law for Bankruptcy Trustees referred to in Article 36 of this Law.

Bankruptcy Register: the Register containing data and information related to the Bankruptcy Cases as referred to in Article 5 of this Law.

Bankruptcy Case or Case: the Case filed in accordance with this Law to undertake the Reorganisation or Liquidation Proceedings.

Reorganisation Proceedings: the Proceedings referred to in Chapter Three of this Law.

Liquidation Proceedings: the Proceedings referred to in Chapter Four of this Law.

Bankruptcy Proceedings: the Reorganisation or the Liquidation Proceedings as the case may be.

Cross Border Bankruptcy: the Bankruptcy Proceedings involving a foreign element subject to Chapter Five of this Law.

Administrative Claim: the Administrative Claim referred to in Article 92 of this Law.

Disclosure Statement: the Statement referred to in Article 112 of this Law.

Security Right: the right in rem covering movable or immovable property arising under the agreement securing or paying the obligation.

Secured Creditor: the Creditor holding a Security Right.

Person: any natural or juridical Person.

Equity Holder: every Person who holds an equity share in the Debtor's capital.

Debtor: any of the Persons referred to in Article 3-A in this Law.

Insiders: includes any of the following:

1. The Debtor's establishments;
2. A member of the Debtor's management or administration body or who has significant control over the Debtor's establishment;
3. The Person who has access to information that is not generally available to the public which is related to decision-taking and to information related to the Debtor's financial status;
4. The Debtor's relatives up to the fourth degree or the Persons referred to in Paragraph 2 and 3.

Ordinary course of Business: the regular transactions consistent with the Debtor's business prior to the commencing the Bankruptcy Proceedings or with the familiar business conditions.

Creditors Committee: the Committee representing unsecured creditors as appointed by this Law.

Financial Derivatives: the Contracts referred to in the Bahrain Central Bank and Financial Institutions Law, promulgated by Law No.64 of 2006.

Article 2

Objectives of the Law

In the implementation and interpretation of this Law, regards shall be had to its following goals:

1. Preserving and protecting the Bankruptcy Estate;
2. Maximizing the value of the Bankruptcy Estate to the highest possible level;
3. Considering matters related to the Bankruptcy Proceedings with integrity and transparency and in an expeditious and orderly manner;
4. Reorganizing the Debtor and avoid liquidation wherever reasonably possible, and
5. Providing fair distribution to creditors and equal treatment of creditors with similar claims and fair treatment to all Persons having an interest in the Bankruptcy Proceedings.

Article 3

Scope of application

1. Bankruptcy Proceedings in this Law shall apply to the Debtors who are traders whether natural or juridical Persons including:
 1. Commercial companies incorporated in the Kingdom, including the companies incorporated under a law or a decree and fully or partially owned by the State;
 2. Traders who are natural persons carrying out a commercial business whose headquarters are in the Kingdom. For the purpose of this Article, the corporate headquarter of a natural person is deemed located in the Kingdom if usually resident in the Kingdom unless otherwise established;
2. Chapter Five of this Law shall apply to Bankruptcy Proceedings involving a foreign.
3. Notwithstanding the provision of paragraph A of this Article, this Law shall not apply to:
 1. Any Person licensed by the Central Bank of Bahrain;
 2. The companies established under a law providing they are not subject to this Law.

Article 4

Exclusion of personal, family and consumption debts

This Law shall not apply to the liabilities existing in a natural person's patrimony concerning personal, family or consumption debts including the purchase of commodities, services or real estate property for personal or family residence. Nevertheless, this Law shall apply to the enforcement proceedings undertaken by the creditors to collect their debts from the Bankruptcy Estate.

Article 5

The Bankruptcy Register

1. The Ministry shall hold a register referred to as the 'Bankruptcy Register' in paper or electronic form for each Bankruptcy Case. Entries shall be manual or electronic to record data and information related to the Cases, copies of minutes, papers and documents related to the facts, the parties' arguments, demands, defences, objections, evidence they relied on, submitted claims, orders, decisions, judgements, measures and any other information, data and documents.
2. Subsequent to the approval of the Supreme Judicial Council, the Minister shall issue a decree regulating the Register including rules, accessibility, data and information to be recorded, the manner of securing the Register at the level necessary to protect the recorded data, information and documents and to indicate any change to such data and information.
3. Without prejudice to Paragraph D of this Article, the Register shall be made accessible to the public free of charge and the public will be allowed to obtain a certified copy of the recorded data, information and documents or obtain a negative certificate indicating the non-recording of an order or particular document. The foregoing applies after the payment of fee determined by the Minister subsequent to the Cabinet's approval.
4. Subsequent to balancing the need to protect commercial secrets and public accessibility, the Court at its own motion or pursuant to the request of any interested party shall be entitled to prohibit access to certain data, information or documents where necessary for the protection of trade secrets, those of a sensitive commercial nature or involving offense or defamation.

Chapter One

The Commencing Bankruptcy Proceedings

Section One

The Process of the Bankruptcy Proceedings

Article 6

The Debtor's Case for commencing Bankruptcy Proceedings

1. For the commencing Bankruptcy Proceedings, the Debtor shall file a Case before the Court and present it to the Cases Registration Department in any of the following cases:
 1. Where the Debtor fails to pay his debts within thirty days from the date his debts are due or will be unable to pay on the maturity dates;
 2. Where the value of the financial liabilities exceeds the value of assets.
2. For the purpose of paragraph A-1 of this Article, a Debtor is deemed unable to pay his debts where he defaults to pay on the date of maturity and the entire debt is not subject to a lawful dispute prior to applying for the commencing Bankruptcy Proceedings or subject to a set off for the value of the claimed debt.
3. Where a Debtor is subject to a Regulatory Authority, he shall notify it in writing of his intention to commence Bankruptcy Proceedings and in such case the petition must refer to the said notification.

Article 7

The hearing of the Debtor's Case for commencing the Bankruptcy Proceedings

1. Prior to approving the commencing Bankruptcy Proceedings pursuant to the Case filed by a Debtor, the Court shall verify the following:
 1. The Debtor is a Person subject to Bankruptcy Proceedings in accordance with this Law;

2. The Debtor is legally entitled to file a Case or to obtain permission to do so where the party filing the Case is a Debtor's representative;
 3. The Debtor is or will be unable to pay his debts or the value of his financial liabilities exceed the value of the his assets as referred to in Article 6-A of this Law;
 4. The petition satisfies the conditions referred to in Article 12 of this Law.
2. Within five working days from the date of filing the Case, the Court shall render an interim order allowing the commencing Bankruptcy Proceedings based on the surface of documents where it finds that the conditions under paragraph A of this Article are satisfied; the Court shall render its interim order in accordance with Article 18-C of this Law.
3. Where the Court finds that the petition does not satisfy the conditions in paragraph A of this Article, it shall notify the Debtor of the deficiency and grant the reasonable delay it considers to correct or complete it, otherwise, it may deny the hearing of the Case, continue hearing it in its actual status, or issue a correcting order.
4. The creditors are entitled to file an objection against the Court's interim order allowing the commencing the Bankruptcy Proceedings on the grounds that the Debtor has not satisfied any of the conditions for commencing Proceedings. The objection has to be submitted within thirty days from the date the Proceedings are announced opened, otherwise it shall be final.

Article 8

The Creditor's Case for the commencing the Bankruptcy Proceedings

1. Without prejudice to paragraph C of this Article, a creditor shall be entitled to file a Case against a Debtor and present it to the Case Registration Department in any of the following two cases:
 1. Where the Debtor is unable to pay his debts on the maturity date provided he is formally warned to pay in writing and defaults within thirty days of the notification;
 2. Where the value of his financial liabilities exceeds the value of his assets.
2. For the purpose of paragraph A-1 of this Article, a Debtor is deemed unable to pay his debts where he defaults to pay on the date of maturity and the entire debt is not subject to a lawful dispute prior to applying for the commencing the Bankruptcy Proceedings or subject to a set off for the value of the claimed debt.
3. Where a claim is for less than twenty thousand Bahraini Dinars, the filing of a Bankruptcy Case is permissible by virtue of statements of claim made by at least three creditors.

Article 9

The hearing of the Creditor's Case for the commencing the Bankruptcy Proceedings

1. Prior to approving the commencing Bankruptcy Proceedings pursuant to the Case brought by a creditor, the Court shall verify the following:
 1. The Debtor is a Person subject to Bankruptcy Proceedings in accordance with this Law;
 2. The petition satisfies the conditions referred to in Article 13 of this Law;
 3. The Debtor is be unable to pay his debts or the value of his financial liabilities exceed the value of his assets.
2. The Debtor shall be entitled to file an objection against the creditor's Case applying for the commencing the Bankruptcy Proceedings within fifteen days from the date of being notified or during the time limit fixed by the Court. Where the objection is filed within the fixed time limits, the Court shall hold a hearing for the Debtor and creditors who filed the Case to express their opinion and present their evidence. Where the objection is not filed within the said time limit, the Court shall be entitled to approve the commencing the Bankruptcy Proceedings based on the contents of the creditor's petition, documents and data.

3. Where the Court dismisses the petition submitted by the creditors, it shall notify the Debtor of its decision and is also entitled to:
 1. Charge all costs and expenses of the Case incurred by the Debtor, including the fees he bore for filing the objection against the Case;
 2. Without prejudice to the provisions of Article 21 of this Law, and pursuant to the Debtor's request, order the creditors to compensate the prejudice that Debtor sustained as a result of filing of Case, where the Court finds that it has been filed in bad faith and is unjustified.
4. Without prejudice to paragraph B of this Article, the Court shall allow the commencing the Bankruptcy Proceedings where it finds the conditions in paragraph A of this Article satisfied.

Article 10

Applying for the commencing Bankruptcy Proceedings after trader's death or business retirement

1. Where a trader is a natural person, the creditors or their inheritors shall be entitled to apply for the commencing Bankruptcy Proceedings after his death or business retirement provided upon death or retirement he was unable to pay his debts or the value of his liabilities exceeded the value of his assets.
2. Applying for the commencing Bankruptcy Proceedings shall be submitted within a year following that of death or business retirement. This time limit shall not apply in the case of business retirement except from the date the trader's registration on the Commercial Registry is cancelled.

Article 11

The Debtor's continuation of management and operation of the establishment

The filing of a Bankruptcy Case or approval of commencing Bankruptcy Proceedings shall not prevent the Debtor from continuing to manage his business and operate his establishment, using his Property and carrying out the transactions necessary in the Ordinary course of Business unless the Court decides otherwise.

Article 12

The contents of the Debtors' petition

1. The Debtor's petition for the commencing Bankruptcy Proceedings shall contain:
 1. The Debtor's name, residence or elected domicile, telephone number, his personal identification or commercial registration number, facsimile and e-mail address, if any, and the name of his representative, his profession, occupation, capacity, residence or elected domicile, telephone number, personal identification or commercial registration number, facsimile and email address if any;
 2. A report indicating the Debtor's financial status, information on his Property, its nature and data concerning his employees;
 3. A statement clearly indicating that the Debtor is applying for commencement of Reorganisation or Liquidation Proceedings;
 4. A copy of the financial statements related to his business for the three years preceding the submission of application;
 5. A list of all the Debtor's Property excluded from the Bankruptcy Estate;
 6. A list of the names of the creditors and debtors, their addresses, rights, debts, granted guarantees and securities, if any;
 7. Any other documents supporting the petition the Debtor considers necessary to be attached;
 8. The Debtor's or his representative's signatures;

9. Any other documents or data of the type determined by a decree issued by the Minister after the approval of the Supreme Judicial Council.
2. The Court shall be entitled to demand the Debtor to provide copies of any other documents or data supporting the petition for the Bankruptcy Case.
3. Where the Debtor is unable to provide any of the documents referred to in paragraph A of this Article, he shall indicate the reasons in the petition.

Article 13

Contents of the creditors' petition

1. The creditors' petition for the commencing Bankruptcy Proceedings shall contain:
 1. The Debtor's name, residence or elected domicile, telephone number, his personal identification or commercial registration number, facsimile and e-mail address if any, and if his residence or domicile at the time of filing the Case is unknown, then his last place of residence or domicile;
 2. The creditors' names, residences or elected domiciles, telephone numbers, their personal identification or commercial registration numbers, facsimiles, e-mail addresses, the names of the representatives, their professions or occupations, capacities, residences or domiciles, telephone numbers, their personal identification or commercial registration numbers, if any;
 3. The details and amount of each debt and the supporting documents;
 4. A copy of the formal warning referred to in Article 9-A-1 of this Law, and the Debtor's reply, if any;
 5. A statement clearly indicating that the creditors are applying for the commencement of Reorganisation or Liquidation Proceedings;
 6. Any other documents supporting the petition the creditors consider necessary to be attached;
 7. The creditors or their representatives' signatures;
 8. Any other documents or data of the type determined by a decree issued by the Minister after consultation with the Minister concerned with trade affairs.
2. The Court shall be entitled to demand the creditors to provide copies of any other documents or data supporting the petition opening the Bankruptcy Case.
3. Where the creditors are unable to provide any of the documents referred to in paragraph A of this Article, they shall indicate the reasons in their petition.

Article 14

The fees for the Bankruptcy Case and claims

1. The Person presenting the petition shall pay the whole fees of the Bankruptcy Case.
2. With the exception of the claims or challenges of the Bankruptcy Trustee or specified by virtue of a decree issued by the Minister, a fee is payable as provided for in the Judicial Fees Law for the Cases concerning the commencing the Bankruptcy Proceedings, challenges and claims referred to in this Law.
3. By virtue of a decree issued by the Minister, the payment of fees may be postponed or totally or partially exempted.

Article 15

Payment of security deposit

1. The applicant presenting a petition for the commencing a Bankruptcy Case shall pay the security deposit at the Court's treasury. The Court shall determine the amount of the security deposit needed to cover the fees, expenses and costs of managing the Bankruptcy Proceedings. However, the Court may postpone or exempt its payment in the cases where it considers it necessary or non-existence of

sufficient liquidity at the time of applying.

2. The depositor shall be reimbursed the security from the Bankruptcy Estate where the Court allows the commencing the Bankruptcy Proceedings and there are sufficient Property in the Estate. This security deposit shall be considered an Administrative Claim.

Article 16

Interim measures to be undertaken prior to
allowing the commencing Bankruptcy Proceedings

1. Upon the request of the Debtor, creditor or any party who has an interest in the Case, the Court shall be entitled to order interim measures prior to the commencing the Bankruptcy Proceedings where necessary to protect the Property of the Debtor or the creditors' interests during the period between applying and allowing the commencing the Bankruptcy Proceedings. The interim measures may include:
 1. The stay of any of the proceedings referred to in Article 51-A of this Law;
 2. Impose temporary restrictions on the Debtor's management and operation of his business, carry out transactions or limit his authorities;
 3. Assign the management and operation of the Debtor's business including the use or alienation of his Property in the Ordinary course of Business to a temporary Bankruptcy Trustee or any other suitable Person the Court appoints;
 4. Assign the mission of liquidating the Debtor's Property outside the Ordinary course of Business to a temporary Bankruptcy Trustee or any other suitable Person the Court appoints if the Property by nature or due to certain circumstances are exposed to destruction, damage or significant depreciation in value;
 5. Any other interim or conservatory measure the Court considers.
2. Prior to approving the application, the Court shall notify the Debtor and concerned person of this application and give them adequate opportunity to express their opinion. However, in case of urgency, the Court may order any action, measure or decide without notification or giving opportunity to be heard, where there is no time for the notification or opinion hearing, where it considers that it has to act to prevent any prejudice to the Bankruptcy Estate or the effectiveness of the Bankruptcy Proceedings, provided the notification is made and expression of opinion is allowed as soon as possible.
3. The Court shall be entitled to request the applicant to pay at the Court's treasury the security deposit it considers sufficient to cover the costs, expenses or any prejudice the Debtor or concerned person may sustain.
4. The Court at its own motion or upon the request of any interested Person shall be entitled to modify or terminate the ordered interim measures.

Article 17

Considering the applications for
the commencing the Bankruptcy Proceedings

The Court shall suspend the hearing of the application for the commencement of Bankruptcy Proceedings pending settlement of any demand presented to the Court concerning starting the Reorganisation Proceedings. When considering the application, the Court shall accept Reorganisation where it will lead to a settlement more convenient to the creditors than liquidation or there are economic reasons for the Debtor to resume his business.

Article 18

Allowing the commencing Bankruptcy Proceedings

1. The Debtor shall be subjected to the Bankruptcy Proceedings upon the Court's approval to commence the proceedings. The Debtor will be considered bankrupt and his bankruptcy declared where the Court allows Liquidation Proceedings.
2. Immediately upon approval to commence the Bankruptcy Proceedings, the Court shall appoint a member of the tribunal as a Bankruptcy Trustee to supervise the Bankruptcy Proceedings.
3. Immediately upon approval to commence the Bankruptcy Proceedings, the Court shall notify the Debtor, the creditors and any other party who has an interest in the Case, such notification to include:
 1. Approval of the Bankruptcy Case, the commencing Reorganisation or Liquidation Proceedings, as the case may be;
 2. The Debtor's name and address;
 3. The Court with jurisdiction to hear the Bankruptcy Case;
 4. The name of the Bankruptcy Judge;
 5. The information and data determined by virtue of a decree issued by the Minister subsequent to the approval of the Supreme Judicial Council;
 6. Any other information or data the Court deems necessary to notify.

Article 19

The right to participate in the Bankruptcy Proceedings and obtain information

The Debtor, creditors and anyone who has an interest in the Case shall be entitled to participate in the Bankruptcy Proceedings and obtain information concerning the Proceedings and measures ordered by the Court or the Bankruptcy Trustee, all in accordance with this Law.

Article 20

Duty of confidentiality

The Debtor, creditors, Bankruptcy Trustee, the Creditors Committee and all parties involved in the Bankruptcy Proceedings shall be prohibited from disclosing any information, data or accounts related to the Debtor's financial status, commercial relationships, business secrets obtained in the course of or due to participation in the Proceedings and also prohibited from using any such information, data or accounts for their own personal benefit. Such information and data includes without limitation, business secrets and sensitive information such as customers and suppliers lists, research and development information, professional secrets and such other similar information.

Article 21

Abuse of the Bankruptcy Proceedings

The Court at its own motion or upon the request of any interested Person shall be entitled to fine a sum up to twenty thousand Bahraini Dinars on the party who presented a petition or a demand in accordance with this Law with the intention of obstructing or delaying the Bankruptcy Proceedings without lawful justification, for an illegal purpose, deliberate fabrication of bankruptcy, harming the Debtor's reputation or exploiting the Bankruptcy Proceedings in an abusive manner. The Court shall be entitled to order the publication of the fining decision at the expense of the convicted party in one or more daily newspaper of wide circulation in or outside the Kingdom, in Arabic or in a foreign language.

Article 22

Subordination of claims

The Court shall be entitled to subordinate a claim where the creditor or an interested party exaggerates the value of debts or rights, unlawfully tries to gain special privileges at the prejudice of other creditors,

presents false or misleading data, conceals data, information, registries or documents from the Court or the Bankruptcy Trustee.

Section Two

The Court with Jurisdiction over Bankruptcy Proceedings

Article 23

Court jurisdiction

1. For the purpose of this Law, the High Civil Court shall be seized with jurisdiction. A judicial committee with functions similar to that of the Court shall be composed for the cases determined by the Supreme Judicial Council. Its formation will be by virtue of a resolution issued by the said Council pursuant to the Minister's request addressed to judges and other experts, provided the majority are judges.

The committee members who are not judges shall take the following oath before the President of the Court of Cassation: I swear by God Almighty to fulfil my duties with integrity and honesty and to respect the laws and regulations of the Kingdom.

2. The Court shall have jurisdiction over all matters related to the Bankruptcy Proceedings including those arising during the process and will in particular:
 1. Approve commencing the Bankruptcy Proceedings;
 2. Approve the sale of the Bankruptcy Estate outside the Ordinary Course of Business or carry out any other type of alienation;
 3. Verify the validity and amounts of claims against the Debtor;
 4. Order the conservatory and interim measures;
 5. Order any Person holding information, data or documents related to the Bankruptcy Proceedings to submit them to the Court or the Bankruptcy Trustee;
 6. Supervise and control the Bankruptcy Trustee's work;
 7. Any other function referred to in this Law;
 8. Settle the demands presented in matters arising from the Bankruptcy Proceedings and the following in particular:

First: applications made by the Bankruptcy Trustee concerning stay of legal actions judicial and enforcement Proceedings against the Debtor, non-application of legal or contractual interests, termination of contracts the Debtor concluded or determine non-enforcement of transactions concluded prior to the commencing Bankruptcy Proceedings;

Second: The demands submitted by the creditors or Debtor ordering the Bankruptcy Trustee to perform his duties and responsibilities referred to in this Law, dismiss him, appoint more than one Trustee, and any other demand that may be submitted in accordance with this Law;

Third: Any other demand related to matters arising from the Bankruptcy Proceedings.

3. The Court shall have jurisdiction to settle the legal actions filed by the Bankruptcy Trustee against any person, unless otherwise provided in this Law granting jurisdiction to another court to hear the action.
4. The Court shall settle all the Bankruptcy Proceedings demands expeditiously and render judgements, issue decisions and orders without delay and are immediately enforceable without paying a security deposit unless the Court otherwise decides.
5. The Court shall have full powers necessary for preventing exploiting the Bankruptcy Proceedings in

an abusive manner or violating the provisions of this Law.

Article 24

Matters requiring a court decision or approval

The Court's approval shall be required in the following matters:

1. The Bankruptcy Trustee's alienation of any Property of the Bankruptcy Estate outside the Ordinary course of Business;
2. Evaluation and payment of remunerations or expenses to the Bankruptcy Trustee, lawyers, experts, representatives and specialists appointed in accordance with this Law;
3. The Reorganisation plan and its modifications;
4. The distribution procedures upon Liquidation;
5. Any proceedings, actions or claims requiring Court approval in accordance with this Law.

Article 25

Matters not requiring Court approval

1. The Bankruptcy Trustee shall be entitled to carry out his entire mission without obtaining the Court's prior approval, unless otherwise provided by Law or the Court decides at its own motion or upon an interested person's demand that the Court's prior approval is required for particular matters.
2. The demand presented to the Court as referred to in paragraph A in this Article must be in a matter related to the Bankruptcy Trustee's mission and will not restrict the performance of his mission unless the Court otherwise decides.

Article 26

Notification and giving opportunity to be heard

When the Court notifies for giving opportunity to be heard, it shall:

1. Notify any party whose interests may be affected by the claim heard by the Court at a reasonable time and give sufficient opportunity to hear, reply, object or approve;
2. The Court shall be entitled to settle any claim related to the Bankruptcy Proceedings expeditiously without notification or giving the opportunity to be heard where it considers that it needs to settle a claim in order to prevent any prejudice that may harm the Bankruptcy Estate or affects the effectiveness of the Bankruptcy Proceedings, provided the notification is carried out and opportunity to be heard is given at the nearest time possible;
3. Prior to approving the Reorganisation plan, the sale or alienation of a substantial part of the Bankruptcy Estate or carry out any necessary measure related to the Bankruptcy Proceedings, the Court shall observe the notification procedures and giving opportunity to be heard.

Article 27

Methods of notification

1. The Debtor shall be notified as provided for in the Civil and Commercial Procedural Law.
2. Anyone who presented a claim to the Court shall be notified at the address provided in the claim.
3. The creditors of unknown address shall be notified at the address recorded on their Commercial Register if they are traders and if non-traders, notification shall be by publication in a local newspaper or any other means the Court considers appropriate and ensures being informed, all in accordance with the Civil and Commercial Procedural Law.
4. The creditors with known addresses shall be notified as provided for under the Civil and Commercial Procedural Law.

Article 28

Change of residence or place of business

1. A Debtor who is a natural person and the members of the board of directors of a Debtor that is a juridical person shall notify the Court of the change of residence during the Bankruptcy Proceedings and obtain its approval to take permanent residency outside the Kingdom.
2. A Debtor that is a juridical person shall not change the place of business prior to obtaining the Court's approval.

Article 29

Right of objection and opposition

1. Any party with an interest that may be affected by any of the Bankruptcy Proceedings shall have the right to file an objection against a Court's decision or any matter requiring Court approval in accordance with this Law.
2. Any party with an interest that may be affected by any of the Bankruptcy Proceedings shall have the right to file an opposition to the Court concerning any matter that does not require Court approval in accordance with this Law.

Article 30

Challenging Court decisions and orders

1. Without prejudice to the provisions of Article 190-A-2 of this Law, appealing the Court's decisions and orders shall not be permissible except in the following matters:
 1. The interim measures referred to in Article 16 of this Law;
 2. The settlement of applications concerning the commencing Bankruptcy Proceedings;
 3. The appointment or dismissal of the Bankruptcy Trustee;
 4. The assessment of remunerations or expenses of the Bankruptcy Trustee, lawyers, experts, representatives and specialists appointed in accordance with this Law;
 5. The ratification of the Reorganisation plan or its modification;
 6. The sale or alienation of a substantial part of the Bankruptcy Estate;
 7. The approval or denial of the entire or part of the Claims;
 8. The subordination of creditors;
 9. The restriction of creditors' voting rights;
 10. Termination of the Bankruptcy Proceedings;
 11. The cases where the law allows appealing.
2. Appealing the decisions and orders of the Court shall be filed before the High Civil Court of Appeal within twenty days from the date a copy of the appeal is deposited at the Register referred to in Article 5-A of this Law or from the date of the notification, as the case may be. The appeal shall not suspend the decision or order, unless the High Civil Court of Appeal otherwise decides. When suspending a decision or order, the High Civil Court of Appeal may order the appellant to pay a security deposit or present a surety to guarantee against any prejudice caused by the stay.
3. The High Court of Appeal shall consider the appeals expeditiously and issue its decisions without delay. These decision or judgments shall be final.

Article 31

Non-acceptance of the Bankruptcy Case

1. Pursuant to the request of the Bankruptcy Trustee, the Creditors Committee or any party who has an interest in the Case and subsequent to notification and giving opportunity to be heard, the Court shall be entitled to refuse hearing the Bankruptcy Proceedings where:

1. The non-acceptance of the Case is in the best interest of both the Debtor and his creditors;
 2. The Case will not achieve a lawful purpose for Bankruptcy;
 3. The approval of commencing the Bankruptcy Proceedings appears to violate Articles 6, 7, 8, 9 and 10 of this Law.
2. Where the Court decides not to accept the Case, it shall be entitled to consider what is necessary to protect those who relied on its previously taken decisions and orders.

Article 32

Case closure and re-opening

1. Upon completing the managing of the Bankruptcy Estate, the Court shall order the termination of Bankruptcy Proceedings and closure of the Case.
2. A Case may be re-opened upon the request of the Bankruptcy Trustee or the Reorganised Debtor where necessary to manage any additional assets, liabilities or to take any appropriate action concerning the Case.

Section Three

The Bankruptcy Trustee

Article 33

Appointment of the Bankruptcy Trustee

1. Upon approving the commencing the Bankruptcy Proceedings, the Court shall appoint one or more Bankruptcy Trustee pursuant to the nomination of the Creditors Committee or creditors who hold at least 10% of the value of the total unsecured debts. The Court can make the appointment where no appropriate person is nominated.
2. Within thirty days form the appointment of a Bankruptcy Trustee, the Creditors Committee shall be entitled to request the appointment of another appropriate person to replace or work with the one appointed in accordance with paragraph A of this Article.
3. Upon nomination, the Bankruptcy Trustee shall disclose to the Court on the standard form referred to in Article 38-C of this Law, all circumstances which may raise doubts concerning his neutrality or independence and the circumstances that may be conflicting with the requirements of his mission.
4. For appointment and as much as possible, a Bankruptcy Trustee must possess the knowledge, qualifications and experience related to the Debtor's business.
5. The appointment of a Bankruptcy Trustee requires satisfaction of the following conditions:
 1. He is not a Debtor's Insider;
 2. He has not been the Debtor's creditor, partner, employee, financial auditor or representative during the two years preceding the commencing Bankruptcy Proceedings;
 3. He is registered on the Experts Roll as a Reorganisation Trustee in case of Reorganisation or Liquidation Trustee in case of Liquidation;
 4. The Court shall notify the Bankruptcy Trustee of the appointment within three days from the date of its decision.

Article 34

Appointment of a temporary Bankruptcy Trustee

1. The Court shall be entitled to appoint a temporary Bankruptcy Trustee prior to settling the application for the commencing Bankruptcy Proceedings to verify the Debtor's financial status and the reasons for business disturbance where it is not sufficiently satisfied that the submitted data and information are correct. The Court may assign the Bankruptcy Trustee the temporary preservation of the Bankruptcy Estate and temporary management of the Debtor's business.

2. The temporary Bankruptcy Trustee shall submit the information concerning the Debtor's business and financial status to the Court and the creditors which are related to the forming of opinion concerning the commencing Proceedings.
3. The temporary Bankruptcy Trustee shall continue performing his mission until the Court settles the application for the commencing the Bankruptcy Proceedings unless it otherwise decides.
4. In the absence of a special provision, the rules related to the Bankruptcy Trustee shall apply to the temporary Bankruptcy Trustee.

Article 35

Appointment of several Bankruptcy Trustees

1. A maximum of three Bankruptcy Trustees may be appointed where necessary in view of the volume of duties, requisite experiences, securing the protection of the various categories of creditors or other matter the Court considers.
2. Without prejudice to paragraph C of this Article, where there are several Bankruptcy Trustees, they shall work collectively and are jointly liable for their management.
3. The Court shall be entitled to distribute the work among the Bankruptcy Trustees or assign one of them a specific work. In such case the Bankruptcy Trustee shall be only liable for the acts assigned to him.
4. The Bankruptcy Trustees may delegate each other to perform the work they are assigned but may not delegate others except after obtaining the Court's approval. The Bankruptcy Trustee and his delegate shall be jointly liable for their acts.

Article 36

Registration on the Experts Roll

1. The Experts Roll shall include a list of Bankruptcy Trustees which will further include a list of Reorganisation and Liquidation Trustees. Subsequent to consultation with the Minister concerned with trade affairs, the Minister shall issue by virtue of a decree, the regulations for registration on the said two lists.
2. The List of Bankruptcy Trustees and a summary of their professional career shall be accessible to the public. A certified copy of information registered on the List or a negative certificate certifying non- inclusion of a particular issue, may be obtained upon the payment of the prescribed fees which the Minister has determined by virtue of a decree issued after the Cabinet's approval.
3. Without prejudice to the provisions of this Chapter, the Experts Roll Law shall apply to the Bankruptcy Trustees.

Article 37

Conditions of registration on the Experts Roll

1. The following conditions shall be required for registration on the Bankruptcy Trustees Register:
 1. Enjoyment of full legal capacity to alienate;
 2. Possession of adequate qualifications and experience as determined by the Minister subsequent to consultation with the Minister concerned with trade affairs;
 3. Never been convicted for bankruptcy by negligence or fraud, a crime against honour or integrity or violation of this Law, even if rehabilitated;
 4. Is not an actual member of the House of Representatives, the Shura Council or any local councils;
 5. Compliance with any condition determined by virtue of a decree issued by the Minister after consultation with the Minister concerned with trade affairs.
2. Where the Bankruptcy Trustee is a juridical person, it shall designate a qualified employee to

represent the entity in the Bankruptcy Proceedings. This employee shall take the oath referred to in the Experts Roll Law. Subsequent to consultation with the Minister concerned with trade affairs, the Minister shall issue the appropriate conditions, qualifications and experience for the registration of juridical persons on the Expert's Register.

3. In coordination with the Ministry concerned with trade affairs, the Minister shall prepare the study and training programs for Bankruptcy Trustees to promote their level of qualifications.

Article 38

Conflict of interests

1. The Bankruptcy Trustee shall be neutral and independent and upon nomination he must disclose to the Court any direct or indirect personal interest, any conditions or circumstances likely to raise doubt about his neutrality, independence or circumstances in contradiction with his mission. Where such circumstances arise during the performance of mission, he shall immediately and without delay disclose them in writing to the Court.
2. At its own motion or pursuant to the demand of any interested Person, the Court shall be entitled to consider the necessary measures related to conflict of interest matters including the dismissal of the Bankruptcy Trustee and appointment of another in accordance with the methods referred to in Article 33 of this Law.
3. Upon approval of the Supreme Judicial Council, the Minister shall issue a standard form questionnaire to ensure neutrality, independence and absence of conflict of interests. The Bankruptcy Trustee shall fill out the questionnaire and submit it to the Court pursuant to this Article. Any change of information in the questionnaire must be immediately presented to the Court.

Article 39

The Bankruptcy Trustee's remuneration

1. The Bankruptcy Trustee shall be entitled to a reasonable remuneration for his services, payable from the Bankruptcy Estate, and assessed with reference to: the nature and size of the Debtor's business, the complexity of his mission, the amount of necessary measures taken, results, the time spent to accomplish his mission and any other consideration related to duties or performed acts.
2. The Court shall be competent to assess the Bankruptcy Trustee's remuneration and expenses subsequent to consulting with the Creditors Committee, if any. The creditors, Debtor or any interested party shall be entitled to file and objection against the assessment of remuneration or expenses before the Court within thirty days from the date of assessment. The Court shall hear all concerned parties before settling the objection.
3. From time to time, the Court shall be entitled to reconsider the Bankruptcy Trustee's remuneration at its own motion or upon the demand of the Bankruptcy Trustee, the Debtor, the Creditors Committee or creditors holding at least 10% of the total value of unsecured debts.
4. Upon the Bankruptcy Trustee's request, the Court shall be entitled to order the payment of remuneration in the form of partial instalments in accordance with the progress of performance, if this is appropriate considering the duration of the mission, volume and complexity of performed work or any other consideration the Court considers.
5. The Bankruptcy Trustee shall be entitled to be reimbursed for the expenses incurred during the performance of his mission. This reimbursement shall be paid from the Bankruptcy Estate, immediately and prior to the termination of all duties and responsibilities.
6. The Bankruptcy Trustee shall submit the claim for his remuneration or the cost of the necessary expenses in the form of a detailed invoice containing how it has been assessed. Where there are more than one Bankruptcy Trustee, the claim shall be presented collectively, unless there are special reasons for individual claims.
7. The Bankruptcy Trustee's remuneration and allowed expenses shall have a priority ranking

preceding that of all other Debtor's unsecured debts including the Administrative Claims and may be paid from funds available in the Bankruptcy Estate, and in the absence of funds, from the first sums restored by the Bankruptcy Estate.

Article 40

Duties and responsibilities of the Bankruptcy Trustee

The Bankruptcy Trustee shall perform the acts necessary to protect and manage the Bankruptcy Estate and protect the creditors' interests; and in particular must:

1. Once appointed, prepare a report on the Debtor's assets, business and all circumstances affecting the Debtor's financial status and expected developments;
2. Prepare a register to record data concerning the creditors, the secured creditors, the sums and due dates of claims, the nature of securities over the Bankruptcy Estate, together with the documents supporting the claims;
3. Prepare a list of present contracts;
4. Manage the Bankruptcy Estate on behalf of the Debtor where he is no longer involved in its management, supervision or control;
5. Demand the annulment of the Debtor's acts of alienation prior to the date approving the commencing the Bankruptcy Proceedings;
6. Collect any of the Debtor's Property or rights vis-à-vis third parties and apply for establishing ownership of Property and rights;
7. Express opinion on the Reorganisation plan proposal and assist in its preparation;
8. Set-off the Debtor's rights and liabilities vis-à-vis his creditors;
9. Present periodic reports to the Court concerning his activities and measures undertaken, outcome of his management of the Bankruptcy Estate, remarks on the progress of his work and all expected developments;
10. Perform the other duties and responsibilities provided in this Law or those necessary to perform his mission.

Article 41

Maintaining Records

Without prejudice to paragraph 2, 3 and 4 of Article 40 of this Law, the Bankruptcy Trustee shall:

1. Prepare an inventory of the Debtor's assets at the commencing Bankruptcy Proceedings and present it to the Court;
2. Maintain a register for the receipts and distributions of Property he manages in the Case;
3. Maintain a register concerning the financial management of the Bankruptcy Estate, any work related to the financial management of the assets and any acts managed at the Court's request.

Article 42

The Bankruptcy Trustee's submission of the report on performed work

1. The Bankruptcy Trustee shall prepare the reports concerning the management of the Bankruptcy Estate as the court orders.
2. Upon termination of management of the Bankruptcy Estate, the Bankruptcy Trustee shall prepare a final report on his management of assets and present it to the Court.

Article 43

The Bankruptcy Trustee's duty of honesty and liabilities

1. The Bankruptcy Trustee shall carry out his duties and responsibilities honourably and faithfully, and the purpose of his acts is for the Bankruptcy Estate's best interests. He must also perform his duties and responsibilities with the diligence expected from a regular person.
2. The Bankruptcy Trustee shall not be personally liable except where he causes prejudice to the Debtor, creditors or any interested party as a result of exceeding the scope of his mission determined in his appointment decision, deliberate mistake or gross negligence.
3. Subsequent to consultation with the Minister concerned with trade affairs, the Minister shall issue a decree dealing with the rules and conditions obliging Bankruptcy Trustees to draw an insurance policy against the risks of their mistakes, or those of the experts, specialists or representatives they appoints to assist them in performing their duties and responsibilities.

Article (44)

The Bankruptcy Trustee's authorities

1. The Bankruptcy Trustee shall have the authorities necessary to carry out his duties and responsibilities referred to in this Law, and in particular:
 1. Access the premises of the Debtor's commercial activities, books, correspondence and any other document, information or data;
 2. Participate in the meetings of the Debtor's administrative bodies concerned with his business and must be notified of such meetings in advance;
 3. Retain experts or specialists to assist him in the performance of his duties and responsibilities and may not be restricted to those listed on the Expert's Register, provided he obtains prior approval from the Court;
2. Notwithstanding any provision concerning confidentiality referred in any law or agreement, the Bankruptcy Trustee shall have the same authorities as the Debtor to obtain information and data relating to any financial transaction or agreement, obligation or matter relating to the Debtor's financial status or business including information on his bank accounts;
3. The Bankruptcy Trustee shall be entitled to submit demands to the Court concerning the stay of cases, judicial and enforcement proceedings, stay of legal or contractual interests, rescission of contracts concluded with the Debtor, invalidity of transactions or other demands necessary for the performance of his duties.
4. The Court shall notify the Bankruptcy Trustee of any proceedings, measures or decisions prior to ordering them and give him sufficient opportunity to hear his opinion. However, in case of urgency, the Court may order any procedure, measure or decision without notifying the Bankruptcy Trustee or give him the opportunity to be heard if time is insufficient to notify or hear opinion and the Court considers it necessary to prevent any prejudice to the Bankruptcy Estate or the effectiveness of the Bankruptcy Proceedings, provided that notification and the opportunity to be heard is made at the closest possible time.

Article 45

Retaining lawyers and experts

1. Upon Court's approval, the Bankruptcy Trustee shall be entitled to retain lawyers, experts such as lawyers, accountants and financial advisors to represent him or represent the Bankruptcy Estate, in order to assist him in the performance of his duties and responsibilities. The retaining of lawyers and expert shall be subject to reasonable conditions in terms of hours or lump sums assessed according to achieved success.
2. No conflict of interest must exist between the lawyers or experts retained in accordance with paragraph A of this Article and the requirements of their mission, and must immediately disclose to the court the interests, circumstances or conditions that may raise doubts about their neutrality,

independence or conflict with the requirements of their representation. Where any of such circumstances or conditions arise during the performance of their mission, they must immediately notify the Court in writing.

3. Subsequent to the Supreme Judicial Council's approval, the Minister shall issue a standard form questionnaire to verify neutrality, independence and absence of a conflict of interest. The retained lawyers and experts shall fill out the questionnaire and submit it to Bankruptcy Trustee immediately upon their appointment in order to refer it to the Court. The Court must also be immediately informed of any change of such information.

Article 46

The Lawyers and Experts' remuneration

1. The Bankruptcy Trustee or the Creditors Committee, as the case may be, shall apply for the approval of the payment of the lawyers and experts' remuneration and expenses they incurred. The application shall contain sufficient information to enable the Court to assess the payment; and either must comply with the Court's instructions.
2. Upon notification and giving the opportunity to be heard, the Court shall order the payment of the appropriate remuneration to the lawyers or experts with reference to the services they provided and reimburse the expenses they incurred.
3. Upon assessment of the appropriate remuneration, the Court shall take into account all the facts and circumstances under the conditions agreed upon when retained by the Bankruptcy Trustee or the Creditors Committee, as the case may be, the time taken to accomplish the duties, costs, nature, quality and effectiveness of the services and whether the required remuneration is reasonable compared to the cost of services provided by peers of the same level.
4. At the request of the lawyers or experts and after notification and giving opportunity to be heard, the Court shall be entitled to order the remuneration paid in the form of partial instalments in accordance with the progress of performance where appropriate with reference to the duration of their duties, the volume and complexity of work or any other issue the Court considers.
5. Unless the Court otherwise decides, the Bankruptcy Trustee shall, without delay, pay the remuneration and incurred expenses approved by the Court.

Article 47

Dismissing the Bankruptcy Trustee

1. The Court, at its own motion or upon the request of the Debtor, Creditors Committee or the creditors who hold more than 10% of the total value of unsecured debts shall dismiss the Bankruptcy Trustee in the following cases:
 1. Lack of necessary efficiency, inability to perform the duties and responsibilities or failure to perform with the necessary diligence;
 2. Carry out acts and transactions in violation of the law, cause prejudice to the Bankruptcy Estate or the creditors' interests;
 3. Lack of neutrality, independence or the presence of conflict of interest justifying dismissal;
 4. Gross Negligence;
 5. Change to the Bankruptcy Trustee's assignment;
 6. Loss of one of the conditions referred to in Article 33-5 of this Law.
 7. Cancellation of name on the Expert's Register;
2. Prior to dismissal, the Court shall notify the Bankruptcy Trustee and give him sufficient opportunity to be heard and reply by objecting, accepting, presenting his defence and evidence.
3. Unless the Court otherwise decides and where dismissed, the Bankruptcy Trustee shall continue to carry out his duties and work until a new Bankruptcy Trustee is appointed in accordance with Article 33 of this Law.

Chapter Two

Common Provisions for Bankruptcy Proceedings

Section One

The Bankruptcy Estate

Article 48

Scope of the Bankruptcy Estate

1. The Bankruptcy Estate consists of the Debtor's assets and liabilities in the Kingdom or abroad at the time the Court allows or provisionally allows the commencing the Bankruptcy Proceedings as the case may be, and also includes movable Property of whatever kind, nature and place, and not limited to the following:
 1. The Property gained after the commencing the Bankruptcy Proceedings;
 2. The Debtor's rights regarding any property of a third party;
 3. The Property and revenue arising from continuation of the Debtor's business or operation of his establishment;
 4. The Bankruptcy Estate's revenues of any kind or nature;
 5. The Property restored by annulment or other proceedings.
2. Any provision in a document that leads to divesting the Debtor of his Property or decreasing his rights over the property shall not be enforceable if the divestiture or decrease arises as a result of the Debtor's bankruptcy or merely by the filing of the Bankruptcy Case.
3. Save where the law provides otherwise, the Bankruptcy Estate shall not have rights exceeding those of the Debtor's upon the commencing the Bankruptcy Proceedings.

Article 49

Debtor's property excluded from the Bankruptcy Estate

1. The following Property of a Debtor who is a natural person shall be excluded from the Bankruptcy Estate:
 1. Property that may not be legally seized;
 2. Social security assistance provided by the State to the Debtor or his dependents or the financial aid for allowing a reasonable livelihood as provided in paragraph E of this Article;
 3. Retirement rights and benefits under the compulsory insurance system;
 4. Rights related to the Debtor as a person or his personal status;
 5. Any Property beyond the Debtor's business the Court excludes from the Bankruptcy Estate.
2. Any spouse shall be entitled to restore the property he or she establishes owning regardless of the matrimonial financial system according to the applicable law.
3. The Debtor shall be entitled to hold the ownership and possession of the Property excluded from the Bankruptcy Estate in accordance with paragraph A of this Article and may also alienate such Property.
4. The Bankruptcy Trustee, the creditors or any party with an interest in the Case shall be entitled to file an objection against the list of Property excluded from the Bankruptcy Estate.
5. Subsequent to the Debtor's request if he is a natural person and after hearing the Bankruptcy Trustee's opinion, the Court shall be entitled to determine a sum of money payable from the Bankruptcy Estate to provide for a reasonable livelihood to the Debtor and his dependents.

Article 50

Transfer and delivery of property to the Bankruptcy Trustee

1. Any Person who possesses or has control over the Debtor's Property shall transfer possession or

deliver it to the Bankruptcy Trustee according to his instructions; and any Person indebted to the Debtor must pay it to the Bankruptcy Trustee.

2. The provisions of this Article shall not prejudice or restrict any set-off, other rights or defences determined to a Person possessing Property belonging to the Debtor, under his control or owing to him.
3. Anyone acting in good faith shall not be liable where after the approval of commencing the Bankruptcy Proceedings transfers possession or delivers Property or pay his debts to the Debtor unaware of the commencing Proceedings. In such case, the Debtor shall immediately transfer possession or deliver the Property or debt to the Bankruptcy Trustee according to his instructions.

Section Two

Stay of Proceedings against the Bankruptcy Estate

Article (51)

Stay of Proceedings

1. Approving the commencing the Bankruptcy Proceedings shall suspend the legal actions, judicial and enforcement proceedings against the Bankruptcy Estate or the Debtor, including:
 1. Any enforcement procedure against any asset of the Bankruptcy Estate, collection of debts owed by the Debtor, any legal action filed against him or concerning any asset of the Bankruptcy Estate;
 2. Any seizure or enforcement procedure against any of the assets of the Bankruptcy Estate encumbered with a security related to a debt owed by the Debtor.
 3. Any procedure related to the seizure, enforcement, possession or control of an asset of the Bankruptcy Estate wherever located.
2. The stay of proceedings referred to in paragraph A of this Article shall apply immediately upon approving the commencing the Bankruptcy Proceedings.
3. Unless the Court otherwise decides, the stay provided in paragraph A of this Article shall continue until the implementation of the Reorganisation plan ratified by the Court, completion of Liquidation, sale or exclusion of Property from the Bankruptcy Estate.
4. The stay of any act or proceedings in this Article shall be extended to the time limit which an act or procedure is needed to be performed under any provision of law or agreement.

Article 52

Stay of proceedings: Exceptions

The stay referred to in Article 51-A shall not apply to Financial Derivatives or any of the following procedures:

1. Any procedure regarding performance of the Bankruptcy Trustee's duties, provided the procedure is undertaken by virtue of an application presented to the Court by an interested Person;
2. Any procedure to collect a debt owing to the Debtor, provided the procedure is undertaken by virtue of an application presented to the Court by an interested person;
3. Any procedure to collect a debt owing to the Debtor, where such procedure is against the debt's surety, guarantor, the entity which issued a letter of guarantee or documentary credit related to the debt or against a third party responsible to pay the Debtor's debt according to this Law;
4. Any procedure to collect debts owing to the Debtor incurred for personal, family or consumption purposes according to Article 4 of this Law, provided the collection of debts is not made by enforcement over assets of the Bankruptcy Estate.

Article 53

Stay of Proceedings: Violations

Upon the request of the Bankruptcy Trustee or the Creditors Committee and subsequent to notification and giving opportunity to be heard, the Court shall be entitled to undertake any procedure against the violation of stay referred to in Article 51 and may in particular:

1. Annul the procedure and reinstate the condition existing prior to the stay wherever possible, provided without prejudice to the rights of third parties acting in good faith;
2. Order the Person who violated the stay to pay damages for the actual loss to the Bankruptcy Estate sustained, unless such Person acted in good faith.

Article 54

Termination of the stay for secured debts

1. The stay concerning secured debts referred in Article 51 of this Law shall be self-terminated against the secured creditor with after one hundred and twenty days from the date the Court approves the commencing the Bankruptcy Proceedings, unless it decides to extend the stay according to this Article to preserve or maximise the value of the assets of the Bankruptcy Estate.
2. Pursuant to the Bankruptcy Trustee's request, the Court shall be entitled to extend the stay until the secured creditor holding a secured debt demands payment in any of the following cases:
 1. The secured creditor accepts extending the stay where in the form of an agreement with the Bankruptcy Trustee granting protection to the secured debt, provided the Court accepts the agreement subsequent to notification and giving opportunity to be heard;
 2. Subsequent to notification and giving the opportunity to be heard, the Court determines that extending the stay is necessary to enable the Bankruptcy Trustee to maximise the value of the Bankruptcy Estate, provided the Court grants protection to the secured creditor from depreciation of the encumbered Property or from any loss the secured creditor will sustain during the extension period. This protection may consist of paying the secured creditor a monetary compensation from the Bankruptcy Estate, granting additional security or any other protection the Court considers appropriate.
3. The Bankruptcy Trustee shall be entitled to submit several applications to extend the stay one or more time provided a single extension does not exceed one hundred and twenty days.
4. Pursuant to the request of a secured creditor, and subsequent to notification and giving the opportunity to be heard, the Court shall be entitled to end the stay regarding the secured creditor's debt in the following cases:
 1. Where the stay is not necessary to maximise the value of the Bankruptcy Estate in favour of the creditors or any party who has an interest in the Case;
 2. Where the encumbered Property depreciates due to the commencing the Bankruptcy Proceedings and the secured creditor does not obtain appropriate protection from depreciation or any other loss during the period of the stay;
 3. Where the Reorganisation plan is not approved within the fixed time, unless the Court orders extension;
 4. Where the encumbered Property is not necessary for Reorganisation or the potential sale of the Debtor's operating business.
5. During opinion hearing concerning extending the stay, the Bankruptcy Trustee shall indicate in detail how the encumbered Property will be protected from depreciation or any other loss during the stay; and it is upon him to prove to the Court that the encumbered Property is sufficiently protected.
6. Where the Court decides to approve extension or deny lifting the stay, it shall be entitled to impose any conditions or restrictions it considers necessary to protect the encumbered Property.
7. Upon termination of the stay, the secured creditor shall be entitled to take any action permissible under the law to enforce the security right against the encumbered Property in the Bankruptcy

Estate and where the creditor has an unsecured claim resulting from insufficiency of Property encumbered with the value of this claim, the stay remains for that part of the unsecured claim.

Article 55

Termination of the stay for unsecured debts

1. Pursuant to the request of an unsecured creditor or any party having an interest in the Case, and subsequent to notification and giving the opportunity to be heard, the Court shall be entitled to terminate the stay concerning the unsecured debts in the following cases:
 1. Where the unsecured debt is the subject of a legal action before a court of law or arbitral tribunal and the judgment or award will lead to enhance the management of the Bankruptcy Estate in an effective and organised manner;
 2. Where the debt is subject to set-off and the set-off will enhance the management of the Bankruptcy Estate in an effective and organised manner;
 3. Any other case where the management of the Bankruptcy Estate will be enhanced in an effective and organised manner.
2. Save as provided in the termination decision, the stay shall continue for all other proceedings.

Section Three

Sales and Contracts Related to the Bankruptcy Estates

Article 56

Sale of assets outside the Ordinary course of Business

1. The sale of an asset of Bankruptcy Estate outside the Ordinary course of Business requires:
 1. Determining the method of sale that will maximise the Property value to the highest level possible. Experts may be used to assist in the sale of assets subject to approval of the court;
 2. Using appropriate marketing methods for selling and the Bankruptcy Trustee may propose any condition he deems appropriate to finalise the sale;
 3. Notifying the creditors;
 4. Appropriate valuation of purchase offers.
2. Where the Bankruptcy Trustee decides to sell property outside the Ordinary course of Business, he shall request the Court's approval to sell and this request must include:
 1. The terms of sale and the sale process;
 2. The identity of the proposed purchaser including the disclosure of any relationship between the purchaser and the Debtor or any party who has an interest in the Case;
 3. The reasons that justify approving the sale.
3. Subsequent to notification and giving the opportunity to be heard, the Court shall approve sale in the following cases:
 1. Where sale is in the best interest of the Bankruptcy Estate;
 2. Where sale is appropriate under existing circumstances;
 3. Where sale satisfies with the requirements provided in this Law.
4. Where the Court approves the sale, the Bankruptcy Trustee shall be entitled to take the measures necessary to complete the sale as approved.
5. Unless the Court otherwise decides or as provided in this Law, the ownership of the sold Property shall be transferred to the purchaser free of any of the Debtor's unsecured debts, and the Debtor's secured debts shall be transferred to the extent permitted in Article 57 of this Law.
6. The sale of any asset as provided for in this Article shall not be annulled or its terms changed where the sale is challenged and the purchaser acts in good faith unless the sale is suspended by the Court pending the considering of appeal.
7. Subsequent to notification and giving opportunity to be heard and pursuant to the Bankruptcy

Trustee's request, the Court shall be entitled to authorise him to sell Property of little value subject to procedures that avoid unnecessary expense and delay.

8. The provisions of this Article shall not apply to the Bankruptcy Trustee's sale of Property of the Bankruptcy Estate in the Ordinary course of Business.

Article 57

Sale of encumbered property

1. The Bankruptcy Trustee shall not sell encumbered Property existing in the Bankruptcy Estate free of security rights, except in the following cases:
 1. Where the secured creditor approves the sale;
 2. Where the cash return of the encumbered Property is not less than the value of the secured debt;
 3. Where the cash return of the encumbered Property is not less than the market value of the Property;
 4. Where the sale is made under a Reorganisation plan and the treatment of secured creditor is according to the plan the Court ratified.
2. The sale of Property in the Bankruptcy Estate free from security rights must be in a manner allowing the Bankruptcy Trustee to maximise the value of the Bankruptcy Estate.
3. The secured creditor's claim is protected from decrease of cash return resulting from the sale of encumbered Property.
4. Where any asset in the Bankruptcy Estate is sold free of any security right, this right shall be self-extended to the price of sale with the same priority ranking determined to the secured asset.
5. Pursuant to the secured creditor's request, the Bankruptcy Trustee shall be entitled, to allow the secured creditor to submit an offer to purchase the encumbered Property if possible and the creditor may demand set-off between the secured claims and the price of sale.

Article 58

Sale of property that may be destroyed, damaged or depreciate in value

1. Subsequent to the Court's approval, the Bankruptcy Trustee shall be entitled to expedite the sale of Property in the Bankruptcy Estate outside the Ordinary course of Business where due to their nature or certain circumstances are exposed to destruction, loss, or substantial depreciation in value, and in such case the Court must settle the matter immediately without delay.
2. In the case of urgency, the Bankruptcy Trustee shall be entitled to sell without obtaining the Court's prior approval where it is not possible to preserve the Property until the Court approves, provided a report containing reasons is submitted to the Court within three working days from the date of sale.

Article 59

Treatment of present contracts

1. Subsequent to obtaining the Court's approval, the Bankruptcy Trustee shall be entitled to maintain, rescind or assign contracts the Debtor is a party to. This applies to all contracts with reciprocal obligations and includes without limitation leases of real estate property, sales, service, construction agreements and insurance policies.
2. Pending deciding whether to maintain or assign a contract, the following shall be required:
 1. The Bankruptcy Trustee or the counter-party may not be forced to maintain the performance of the contract;
 2. Both contracting parties are liable to perform their contractual obligations where a party so demands, unless for any reason the Court orders the payment an alternative obligation.

3. The Bankruptcy Trustee shall notify the counter-party of the requirement to maintain, rescind or assign the contract and notify him of his rights where he desires to make a claim and its time limits.

Article 60

Treatment of present leases

The Bankruptcy Trustee shall pay the rent on their maturity dates, calculated on a daily basis from the date of approval of opening the Bankruptcy Proceedings, and must keep paying until it is decided to maintain, rescind or assign the contract. Where the Bankruptcy Trustee is unable to pay the rent, this shall be considered a reason justifying terminating the stay as referred to in Article of this Law. The lessor shall also be entitled to demand the rescission of lease.

Article 61

Urgent decisions concerning present contracts

The counter-party shall be entitled to request the Bankruptcy Trustee to decide urgently on whether to maintain, rescind or assign a contract and in the absence of a reply, he may submit the request to the court demanding obliging the Bankruptcy Trustee to take a decision.

Article 62

Performance of contractual obligations prior to maintaining or rescinding present contracts

1. The Bankruptcy Trustee shall be entitled to request the counter-party to perform his obligations prior to deciding whether to maintain the contract. This party shall be entitled to present a claim and it will be deemed an Administrative Claim.
2. Where the Bankruptcy Trustee uses the counter-party's property in the Debtor's possession according to a present contract, the Bankruptcy Trustee shall provide sufficient means to protect the Property from depreciation. The counter-party's claim regarding the use of Property prior to maintaining to the contract or not will be deemed an Administrative Claim.

Article 63

Maintaining present contracts

1. Where the Bankruptcy Trustee considers that maintaining a present contract is in the best interest of the Bankruptcy Estate he must obtain the Court's approval to maintain it, including with his request the contract and the reasons he relies on.
2. The counter-party shall be entitled to object on the grounds of non-existence of evidence that the Bankruptcy Trustee will be able to perform it and that maintaining the contract violates the provision of this Article.
3. Without prejudice to the provisions of paragraph D of this Article, the Court shall approve the request for maintaining a contract subsequent to notification and giving the opportunity to be heard in the following cases:
 1. Where maintaining the contract is in the best interest of the Bankruptcy Estate;
 2. Where the other counter-party objects as provided for in paragraph B of this Article and the Bankruptcy Trustee establishes his ability to perform the contract;
 3. Where all conditions for maintaining the contract under this Article are satisfied.
4. Maintaining present contracts includes all contractual matters, provided that:
 1. The Bank Trustee fulfils the contractual obligations during the Bankruptcy Proceedings by immediate performance of obligations, unless non-performance is due to Bankruptcy Proceedings or appointment of a Bankruptcy Trustee;

2. When maintaining to a present contract, the Bankruptcy Estate shall bear all liabilities arising from the contract and the related claims shall have the same priority ranking as that arising during the Bankruptcy Proceedings.
5. Notwithstanding any provisions in this Law, the Bankruptcy Trustee may not maintain a present contract where it is:
 1. A loan or credit granted to the Debtor;
 2. A contract concluded with the Debtor where his identity is the main consideration unless concluded subject to the Reorganisation plan and provided the Debtor performs his obligation under the Bankruptcy Trustee's control.
6. It is permissible to maintain a present contract under a Reorganisation plan.
7. In the case of Reorganisation, and where the Bankruptcy Trustee is authorised to manage the Debtor's business, he shall be entitled to perform the present contracts the Debtor concluded in the Ordinary course of Business without the need to maintain it as referred to in this Article.

Article 64

Rescinding present contracts

1. Where a Bankruptcy Trustee determines that a present contract is not in best interest of the Bankruptcy Estate, he shall request the Court's approval to rescind the contract and present it with the reasons for rescission.
2. Subsequent to notification and giving the opportunity to be heard, the Court shall approve rescission where it is in the Bankruptcy Estate's best interest.
3. A present contract may be rescinded according to the Reorganisation plan.
4. Subject to the provisions of this Law, the counter-party shall be entitled to present a claim to recover damages incurred as a result of rescission where rescission is a breach of contract. Such claim has the same priority of the claims arising prior to the commencement of the Bankruptcy Proceedings.

Article 65

Assignment of present contracts

1. Where the Bankruptcy Trustee considers that the assignment of a present contract is in the Bankruptcy Estate's best interest, he shall request the Court to approve the assignment of contract and submit with his request the contract, the justifying reasons and the evidence that the assignee is able to perform the contract.
2. The counter-party shall be entitled to object on the grounds of lack of evidence that the assignee is able to perform the contract or that assignment of contract violates the provisions of this Article.
3. Subsequent to notification and giving opportunity to be heard, the Court shall approve the assignment of contract in the following cases:
 1. Where the assignment is in the Bankruptcy Estate's best interest;
 2. Where the counter-party objects as provided for in paragraph B of this Article and the Bankruptcy Trustee establishes that the assignee is able to perform the contract;
 3. Where the assignment of contract does not cause grave lesion to the other party;
 4. The requirements for transfer of the contract under this Article are satisfied.
4. Where concluded, the assignment includes all contractual matters and the assignee must fulfil the contractual obligations unless non-performance is due to the Bankruptcy Case, the appointment of a Bankruptcy Trustee or financial difficulties the Debtor suffers from.
5. Upon the assignment of a present contract, the assignee shall assume all arising liabilities and the Bankruptcy Estate shall be released from all obligations in the contract.
6. The Bankruptcy Trustee shall be entitled to assign the contract according to the provision of this Article even in the presence of a clause prohibiting assignment.
7. As an exception to the provisions of this Law, the Bankruptcy Trustee shall not be entitled to assign

the following type of contracts:

1. A loan of credit granted to the Debtor;
2. A contract where the identity of the Debtor is the main consideration.
3. Without prejudice to the provision of this Article, a contract may be assigned where subject to the Reorganisation plan.

Article 66

Contracts subsequent to the commencing Bankruptcy Proceedings

The contracts concluded subsequent to the commencing the Bankruptcy Proceedings shall be deemed liabilities against the Bankruptcy Estate and related arising claims will be deemed Administrative Claims.

Article 67

Cash funds in the Bankruptcy Estate

1. The Bankruptcy Trustee shall deposit or invest the cash funds of the Bankruptcy Estate in accounts yielding best revenues without exposing the funds to unreasonable risks.
2. The Bankruptcy Trustee shall request the Court's approval where he deposits cash funds with other than financial institutions licensed by the Bahraini Central Bank or in an investment tool provided rated 'Investment Grade' by an internationally recognised grading entity or the grading is recognised by the Bahraini Central Bank.
3. In Reorganisation, the Bankruptcy Trustee shall be entitled to use the cash funds of the Bankruptcy Estate in the management of the Debtor's work in the Ordinary course of Business, unless the Court orders otherwise.

Article 68

Right of set-off

1. A right of set-off arising before filing the Bankruptcy Case can be maintained where enforceable under the applicable law. However, set-off is subject to the stay referred to in Article 51 of this Law and does not apply to Financial Derivatives.
2. Nevertheless, set-off shall not be effective in the Case where the creditor obtains his claim vis-à-vis the Debtor for the purpose of set-off.

Article 69

Surrendering of property

1. Subsequent to the Court's approval, the Bankruptcy Trustee shall be entitled to surrender any of the Property of the Bankruptcy Estate that burdensome to the Estate or of negligible value.
2. The assets surrendered according to paragraph A of this Article shall not be considered an asset forming part of the Bankruptcy Estate or subject to the stay referred to in Article 51 of this Law. The Bankruptcy Trustee shall have no obligations or liabilities concerning these assets.

Article 70

Termination of Financial Derivatives

1. Subsequent to the Court's approval and at any time, the counter-party to a Financial Derivative with the Debtor shall be entitled to terminate the contract, including early termination, liquidation, trade-off the contractual obligations that remain un-paid, exercise any right concerning non-performance of obligation related to the encumbered Property or set-off all as a result of the breach of contract including the breach resulting from the filing of the Case. This exercise of right may not be delayed, suspended, restricted or other, according to any provision in this Law.

2. The Bankruptcy Trustee shall be entitled to restore any sums of money the Debtor paid under a Financial Derivative unless paid fraudulently as referred to in Article 72 of this Law. The request to restore shall be subject to the provisions of law regulating Financial Derivatives.

Article 71

Right to restore commodities

The seller of commodities who is not paid by the Debtor shall be entitled to restore them within forty five days from the date of approval of opening the Bankruptcy Proceedings. Upon receipt of the request to restore commodities together with evidence of the seller's rights, the Bankruptcy Trustee shall have the commodities that are in his possession made immediately available to the seller or pay the remainder.

Section Four

Avoidable Transactions and Alienations

Article 72

Annulment of fraudulent and harmful transactions

1. The Bankruptcy Trustee shall demand the Court to annul any of the Debtor's acts or obligations he retroactively bears:
 1. Where the Debtor carries out the act or bears the obligation with the intention of defrauding his present or future creditors or with the intention of causing them prejudice in obtaining their claims;
 2. Where the Debtor does not receive a fair return for such act or bears an obligation achieving no interest, provided the Debtor is in a state of bankruptcy or becomes bankrupt as a result of the act or obligation.
2. Where any obligation is annulled under this Article, the affected Person shall not be entitled to enforce the obligation against the Bankruptcy Estate and where necessary for the interest of justice, the Court may allow suing the Bankruptcy Estate on grounds of the annulled act or obligation provided the priority ranking of this Claim is set after the claims of all other creditors.
3. Notwithstanding the provision of this Article, a contracting party acting in good faith whose transaction with the Debtor has been annulled under this Article shall be entitled to restore what he has paid to the Debtor for the transaction.
4. The provisions of this Article shall apply to the security rights even where subject to the provisions of another law.

Article 73

Annulment of transactions granting preferences to creditors

1. The Bankruptcy Trustee shall apply for the annulment of any payment of money to the Debtor or act of alienation he carried out, including the granting of collateral over Property to any creditor, where the transaction is in favour of a present debt and the Debtor is unable to pay his debts or will be unable to pay on the date of maturity.
2. The Court shall not annul any transaction referred to in paragraph A of this Article in any of the following cases:
 1. Where the transaction is against a debt borne and paid in the Ordinary course of Business;
 2. Where the transaction concerns the granting of collateral to a creditor as part of a financing operation provided the declaration and enforcement of encumbrance of Property has been carried out within reasonable time after the transaction or in accordance with normal practices of business;
 3. Where under a contract of reciprocal rights and obligations the Debtor receives a reasonable

- and fair value;
4. Where the creditor granted an additional consideration to the Debtor after concluding the transaction;
 5. Where the transaction does not decrease the value of the Debtor's assets available to pay the creditors' rights.
3. Where the transaction is annulled according to this Article, the Bankruptcy Trustee shall be entitled to restore the Property or its value from the one who has received it, and if the transaction concerns encumbered Property for a right owed by the Debtor, the secured creditor shall not be entitled to enforce his security over the encumbered Property.
 4. Any creditor shall be entitled to make a claim against the Bankruptcy Estate for the annulled transaction within thirty days from the date of annulment of becoming aware of the annulment.

Article 74

Restoration of alienated rights or assets

Where the transaction or obligation is annulled in accordance with Article 72 or 73 of this Law, the Bankruptcy Trustee shall be entitled to restore the alienated right or Property or its value from the one who has received it.

Article 75

Exclusion of Financial Derivative from annulment proceedings

The provisions of Articles 72 and 73 of this Law shall not apply to Financial Derivatives. The application for annulment may be made subject to the law regulating Financial Derivatives.

Article 76

Time limit for annulment application

Applying for annulment of any transaction or obligation according to Article 72 and 73 of this Law shall be within six months from the date of the approval to commence the Bankruptcy Proceedings, and this time limit shall be a year if the counterparty is an Insider.

Article 77

The transactions annulment application

1. The Bankruptcy Trustee shall submit the application to the Court in accordance with Article 72 and 73 of this law and will be a separate case.
2. Where the Bankruptcy Trustee refuses to make the application in accordance with the provisions of Article 72 and 73 of this Law, and pursuant to the application made by any interested party, the Court shall be entitled to allow the Creditors Committee or one or more creditor to submit the application on behalf of the Bankruptcy Trustee.

Section Five

Obtaining Credit

Article 78

Unsecured finance in the Ordinary course of Business

1. The Bankruptcy Trustee shall be entitled to obtain unsecured credit for matters such as buying goods and services in the Ordinary course of Business without need of Court approval.
2. Pursuant to a request made by any interested party in the Case and subsequent to notice and hearing and giving the opportunity to be heard, the Court shall be entitled to terminate or restrict the

Bankruptcy Trustee's right to obtain unsecured finance where necessary to protect present or future creditors.

3. Unsecured finance obtained in accordance with this Law shall be considered an Administrative Claim and may be paid without Court approval.
4. Obtaining loans, credit bonds of any similar finance during the Bankruptcy Proceedings shall not be considered acts in the Ordinary course of Business, and their validity requires Court approval in accordance with Article 79 of this Law.

Article 79

Finance outside the Ordinary course of Business

1. Subsequent to the Court's approval, the Bankruptcy Trustee shall be entitled to apply for loans, letters of credit or similar financing where obtaining unsecured credit in the Ordinary course of Business is not available provided within amounts sufficient to continue operating the Debtor's establishment or to preserve and protect the value of the assets of the Bankruptcy Estate.
2. Where applying for a loan, letter of credit or similar financing, the Bankruptcy Trustee shall obtain Court approval and indicate in his application to the Court the financing conditions, collateral, priority ranking or any other privileges granted to the creditor and indicate the justification and necessary considerations to obtain the finance and whether in the best interest of Bankruptcy Estate.
3. Subsequent to notification and granting opportunity to be heard, the Court shall approve the application where:
 1. Financing is under fair and reasonable conditions according to actual circumstances;
 2. Financing satisfies the requirements of this Article;
 3. Financing is necessary to maintain operating the Debtor's establishment or preserve and protect the value of the Bankruptcy Estate.
4. Sums due for unsecured credit obtained in accordance with this Article shall be considered Administrative Claims and may be paid without Court approval.
5. Unless otherwise provided in the financing agreement, the sums due for unsecured credit obtained in accordance with the provisions of this Article shall have a priority ranking and may be paid without the Court approval.

Article 80

Special conditions for obtaining finance outside the Ordinary course of Business

1. Without prejudice to Article 79 of this Law and where necessary, the Court shall be entitled to allow obtaining credit subject to:
 1. Obtain credit against the collateral that can be granted over unencumbered Property in the Bankruptcy Estate;
 2. In case of default in re-payment of the finance, the secured creditor shall be entitled to exercise his rights including taking legal proceedings to recover his debts without being subject to the stay referred to in Article 51 of this Law.
2. The Court shall be entitled to allow the creation of a security right over encumbered Property to obtain finance, and the priority ranking of this security when recorded will rank following existing securities unless the secured creditor accepts to waive his ranking in favour of the a creditor.
3. Where the secured creditor does not accept to waive his ranking regarding his existing security, the Court shall be entitled to create a security right that has a priority ranking preceding existing security provided:
 1. The secured creditor is given the opportunity to be heard;
 2. The Debtor or the Bankruptcy Trustee establish the inability to obtain financing in any other way;

3. The secured creditor's actual claim is provided with protection.

Article 81

Recognitions of priority ranking in subsequent finance

The decision converting Reorganisation to Liquidation according to Article 138 of this Law shall not affect the priority ranking the creditor has obtained regarding finance subsequent to the commencing Reorganisation Proceedings.

Section Six

Secured Claims

Article 82

Determining the amount of secured claims

Determining the value of secured claims shall take the following into consideration:

1. A claim secured by any Property in the Bankruptcy Estate is secured only within the limits of the value of the securing Property taking into consideration the priority right of any other collateral over securing assets and the claim is unsecured for Property exceeding the value of the securing asset.
2. A secured claim is entitled to interest, fees and other expenses arising after the approval of commencing the Bankruptcy Proceedings in accordance with the applicable law provided they do not exceed the value of the securing Property without prejudice to other security rights over the securing Property.
3. The value of the secured claim shall be determined upon the approval of commencing the Bankruptcy Proceedings unless the Court determines a future date which is more appropriate for fair valuation.

Article 83

Right of protection of secured claims

1. A secured creditor shall be entitled to be protected from any depreciation of the value of the encumbered Property or from the loss his claim might sustain.
2. The protection of a secured claim can be one or more of a protection measure determined with reference to the special circumstances of the Case, to include:
 1. The payment of instalments to the account of the secured claim at the rates, time limits and frequency in order to protect the secured claim;
 2. Granting the secured creditor additional or alternative privileges to preserve the value of the encumbered Property;
 3. Granting the secured creditor a guarantee or security to protect against depreciation of value;
 4. Granting security to encumbered Property;
 5. Where the value of the encumbered Property sufficiently exceeds the value of the secured debt, the excess can be sufficient collateral for a secured claim.
3. Where the Bankruptcy Trustee determines to keep the encumbered Property as part of the Bankruptcy Estate, he shall provide protection to the secured creditor's rights and request Court approval for such protection; and the Court shall consider this request, any other proposal or objection without delay.
4. Unless the Court otherwise decides, the Bankruptcy Trustee shall be entitled to use the encumbered Property pending the Court's decision referred to in paragraph C of this Article provided he takes the measures needed to protect the secured creditor's rights; nevertheless, he may not use encumbered Property in the form of cash money or similar nature without the approval of the

secured creditor or the prior approval of the Court.

5. The Court shall approve the request referred to in paragraph C of this Article after notification and giving the opportunity to be heard where:
 1. The measures proposed by the Bankruptcy Trustee are sufficient to protect the secured creditor from depreciation or loss the secured claim may sustain;
 2. The granting of protection to the secured creditor is in the best interest of the Bankruptcy Estate.

Article 84

The secured creditor's application for protection

1. At any time, the secured creditor shall be entitled to apply for the protection of his secured claim in accordance with the provisions of Article 83 of this Law and the Court shall hear and consider the request without delay.
2. In the process of considering the request, the Bankruptcy Trustee shall establish to the Court that the secured claim will be protected under the provisions of this Article.

Article 85

Termination of stay of Cases and
Proceedings regarding encumbered property

Where the Bankruptcy Trustee considers it unnecessary to keep the encumbered Property

or is unable to provide the protection referred to in Article 83 of this Law, he shall be entitled to terminate the stay referred to in Article 51 of this Law to enable the secured creditor to collect his rights from the encumbered Property.

Section Seven

Claims and Ranking

Article 86

Permissible claims

1. Without prejudice to Article 87 of this Law, the creditors shall be entitled to submit their claims arising prior to the commencing Bankruptcy Proceedings whether or not matured, conditional, of determinable value, or any other condition changing the effect of the debts.
2. Without prejudice to paragraph A of this Article, approving the commencing the Bankruptcy Proceedings shall not lead to the early maturity and payment of the Debtor's obligation in case of Reorganisation.

Article 87

Claims applications

1. The Bankruptcy Trustee shall notify all creditors and secured creditors as referred to in Article 27 of this Law indicating the following in the notification:
 1. The final deadline for submitting the claims provided not exceeding three months for creditors who have a reside in the Kingdom.
 2. The claimed amount, its basis and any other information the claim must include;
 3. The place where the claim is to be submitted;
 4. The consequences of not submitting a claim according to paragraphs 1, 2 and 3 of this Article.
2. Notwithstanding the provision of paragraph A of Article 87, all creditors can be notified of the claim

requirements when declaring the commencing the Bankruptcy Proceedings according to paragraph C of Article 18 of this Law.

3. Claims can be submitted by mail or the electronic means determined by virtue of a decree issue by the Minister after coordinating with the Supreme Judicial Council.
4. Subsequent to the Court's approval, the Bankruptcy Trustee shall be entitled to delay or suspend the claim requirements where claiming is non-beneficial due to the non-existence of assets in the Bankruptcy Estate.
5. Where needed, the Bankruptcy Trustee shall notify the Equity Holders of their claim requirements;
6. The creditors or the equity shareholders shall submit a claim or statement regarding their rights in order to be entitled to receive payments or distributions.
7. A submitted claim shall be accepted as a claim for its sum unless an objection is filed within the time limits the Court determines.
8. The creditor who does submit a claim within the requisite time limits shall not be entitled to obtain sums of money or distributions; nevertheless where the creditor has not submitted his claim timely due to an invalid notification, his claim is deemed made in due time, however, this applies as possible according to circumstances.
9. The Bankruptcy Trustee or any interested Person shall be entitled to submit a claim on behalf of a creditor who does not claim.

Article 88

Amount and validity of claims

1. The validity of a claim shall be determined according to the applicable law governing the claim or share. When determining the applicable law, the choice of law in the agreement shall apply as much as possible.
2. The Bankruptcy Trustee shall be entitled to maintain to the defences that the Debtor can invoke regarding the amount and validity of the claim.
3. The Bankruptcy Trustee shall be entitled to invoke the counter-claims or setoff to the extent the Debtor can invoke against his creditors.
4. The value of claims and shares shall be fixed as on the date of approving the commencing the Bankruptcy Proceedings.
5. The claim shall be determined at a specific amount, including:
 1. Claims related to measures such as compulsory enforcement or any other procedure shall be fixed at the value of the compensation for the prejudice the creditor will sustain, unless the Bankruptcy Trustee determines bearing the obligation related to the claim by taking the measures provided by the Law;
 2. Subsequent to notification and giving opportunity to be heard, and pursuant to the request of the Bankruptcy Trustee or a creditor who may be affected, and where determination of value will cause unreasonable delay to the Bankruptcy Proceedings, the Court shall be entitled to fix an approximate sum for conditional claims or of undeterminable value according to the applicable law. This sum shall apply for the purposes the Court considers appropriate.
6. A claim in a foreign currency shall be converted to Bahraini currency at the rate of exchange applicable on the date of the commencing the Bankruptcy Proceedings.
7. The claim for interest accruing subsequent to the commencing the Bankruptcy Proceedings shall not be allowed except for the secured claims as referred to in Article 82-2.

Article 89

Considering the claims

1. The Bankruptcy Trustee shall prepare a register for the data of the creditors, the secured creditors, the sums of their claims, the maturity dates, the nature of their collateral over the assets of the

Bankruptcy Estate and the substantiating documents.

2. The Bankruptcy Trustee shall be entitled to request the creditor to provide clarifications regarding his claim, completion of documents and change the value of his claim or its nature.
3. The Bankruptcy Trustee shall submit a report to the Court on the creditors' claims including his opinion concerning the validity and the value of the sums of claims and where justifiable, the Court may:
 1. Deny all or part of a claim;
 2. Restrict the creditors' voting rights;
 3. Subordinate a creditor.
4. The Court shall notify the creditor of the reason of its decision in the cases referred to in sub-paragraphs 1, 2 and 3 of paragraph C of this Article.
5. Prior to submitting the report referred to in paragraph C of this Article, the Bankruptcy Trustee shall attempt to settle disputes regarding the validity and value of the claims with the concerned creditors. The Trustee may suggest to the Court setting a system for a quick and effective Case management and allow opportunity to be heard. This system may allow settling of disputed claims by arbitration if cost-effective and provides quick and efficient settlement.
6. Where the validity and value of a claim remains disputed, the Bankruptcy Trustee shall be entitled to object its approval and must then indicate his reasons.
7. The creditors shall be entitled to challenge the Court decisions regarding the cases referred to in sub-paragraphs 1, 2 and 3 of paragraph C of this Article within ten days of being notified.
8. Where the Bankruptcy Trustee does not object to a claim or the owners' equity interest, any creditor or party who has an interest in the Case shall be entitled to contest the claim or the owners' equity share before the Court.

Article 90

Provisional acceptance of objected claims

Subject to the Court's approval, the Bankruptcy Trustee shall be entitled to provisionally approve the objected claims, pending the Court's settling of objection.

Article 91

Effects of the acceptance of claims

Approval and provisional approval of a claim shall have the following effects:

1. The creditor will be entitled to participate in the Bankruptcy Proceedings;
2. The priority ranking of the creditor's claim will be determined;
3. The creditor will be entitled to participate in the distribution operation with the exception of creditors holding a provisional approval.

Article 92

Administrative Claims

1. The Administrative claims are those related to the cost and expenses of the Bankruptcy Proceedings and the invoices of the Bankruptcy Trustee arising from his management of the Debtor's Reorganisation and Liquidation Proceedings and include but not limited to the following Administrative Claims:
 1. The payments the Court determines to
 2. the Bankruptcy Trustee, representatives, lawyers or specialists who provide a service during the Bankruptcy Proceedings;
 3. The wages and financial rewards payable to the employees that the Bankruptcy Trustee

retains or hires to work with him or provide specific services during the Bankruptcy Proceedings;

4. The money due for contracts concluded after the commencing the Bankruptcy Proceedings, including the price of purchasing commodities, services or transactions concluded with the Bankruptcy Trustee or the Debtor where he is responsible to manage his affairs during the Bankruptcy Proceedings;
 5. The money due to any Person arising from the management of the Bankruptcy Estate or the operation of the Debtor's business during the Bankruptcy Proceedings;
 6. The money due to a counter-party under a present contract, approved in accordance with the provisions of this Law;
 7. The fees, taxes or other sums due to the State arising during the Bankruptcy Proceedings.
2. The Administrative Claims shall have the priority ranking according to the provisions of this Article.
 3. Without need of Court approval, the Bankruptcy Trustee shall be entitled to pay the Administrative Claims incurred in the Ordinary course of Business including the employees' wages and the price of purchasing commodities or services, provided he presents a related report to the Court within fifteen days from the date of payment.
 4. Where the payment of an Administrative Claim is subject to Court approval, the Bankruptcy Trustee shall obtain the approval prior to payment and this applies to the expenses incurred by the Bankruptcy Trustee or other experts.
 5. Subsequent to notification and giving the opportunity to be heard, an Administrative Claim can be presented to the Court for consideration where it has not been paid upon maturity or becomes disputed.

Article 93

Special provisions concerning priority ranking of claims

1. Unless otherwise provided in this Law, priority of payment from the assets of the Bankruptcy Estate subsequent to the payment of secured claims from encumbered Property in accordance with this Law shall be as follows:
 1. The first level of priority is for the Administrative Claims referred to in Article 78-C and 79-D of this Law, preceding all other Administrative Claims;
 2. The second level of priority is for the Administrative Claims referred to Article 92 of this law;
 3. The third level of priority is for the following claims arising before filing the Case on a pro rata basis.

First: The wages and financial rewards due to the Debtor's employees provided not exceeding three thousand Dinars each;

Second: The advance payments made by customers for the purchase of commodities or services provided not exceeding one thousand Dinars each;

Third: Claims of the Kingdom's Governmental entities for taxes and fees provided not exceeding ten thousand Dinars each;
 4. The fourth level of priority is for the unsecured claims arising before the approval of commencing the Bankruptcy Proceedings, including the remainder of the claims, referred to in sub-paragraph 3 of paragraph A of this Article;
 5. The fifth level of priority is for all other unsecured claims arising before the filing of the Case and where not submitted to the Court in due time but timely submitted to acquire a distribution right in the Case;
 6. The sixth level of priority is for the foreign governmental entities regarding taxes and fees;

7. The seventh level of priority is for the unsecured claims compensating payment delay;
8. The eighth level of priority is for the Equity Holders subject to the ranking determined for each;
2. The priority ranking provisions in this Article shall not prejudice any special provision determined for payment and distribution in this Law.

Article 94

Waiver of priority

Any creditor shall be entitled at his sole discretion or by agreement waive his priority ranking in favour of another creditor.

Article 95

Claims of equal ranking

Unless otherwise provided by law:

1. Claims of equal ranking shall have the same priority in rights and treatment;
2. The Bankruptcy Trustee shall carry out pro rata distribution to claims or rights of equal ranking.

Chapter Three

Reorganisation

Section One

Duties and Responsibilities of the Reorganisation Trustee and Debtor

Article 96

Duties and responsibilities of the Reorganisation Trustee

1. For the purpose of this Chapter, the Bankruptcy Trustee shall be referred to as the Reorganisation Trustee. This Trustee shall be the one charged with supervising the management of Reorganisation, prepare its plan and procedures for obtaining approvals, and must in particular:
 1. Meet with the Debtor and his administrative bodies immediately upon approving Reorganisation in order to issue instructions and directions related to their duties and responsibilities as provided for in this Law;
 2. Take the appropriate measures to protect the Debtor's assets or instruct him to do so;
 3. Perform the duties related to the program set for the development of the Debtor's business referred to Article 99 of this law;
 4. Keep records, prepare and submit the reports required in accordance with this Law or its implementing resolutions;
 5. Supervise the Debtor's operation of business;
 6. Obtain the financing necessary for the Debtor's management and operation of his business according to the provisions of this Law;
 7. Complete the requirements provided for in this Law where a Debtor's Assets are sold or leased outside the Ordinary course of Business;
 8. Perform the duties and responsibilities related to maintaining, rescinding or assigning present contracts in accordance with this Law;
 9. Assume the responsibility related to handling of legal action brought by or against the Debtor;
 10. Retain lawyers and specialists for a quick and effective Reorganisation Proceedings and pay their reasonable remuneration and expenses subsequent to the Court's approval in accordance

with this Law;

11. Represent the Debtor's Assets in all judicial, arbitral and administrative Proceedings;
 12. Review and objecting to claims as circumstances necessitate;
 13. Perform the duties related to the preparation of the Reorganisation plan and acquire its approval;
 14. Perform the other responsibilities and duties provided for in this Law.
2. Pursuant to the request of the Creditors Committee, the Reorganisation Trustee shall consult with it in matters related to the performance of his responsibilities and duties as provided for in this Law.

Article 97

The Debtor's duties and responsibilities

The Debtor shall:

1. Manage his business and operate his establishment in the manner provided for in Article 98 of this Law.
2. Perform his obligations concerning submitting special reports on his financial status, assets, the present contracts he is a party to and such other data related to his business;
3. Submit a draft Reorganisation plan to the Reorganisation Trustee in order to prepare a Reorganisation plan proposal as provided for in Article 106 of this Law;
4. Assist the Reorganisation Trustee in preparing and negotiating the Reorganisation plan;
5. Cooperate with the Reorganisation Trustee sufficiently and with all good faith in order to carry out his duties and responsibilities in accordance with this Law.
6. Perform the other responsibilities and duties provided for in this Law.

Article 98

Managing the Debtor's commercial business

1. Subsequent to the commencing the Bankruptcy Proceedings, notification and giving opportunity to be heard, the Debtor shall continue managing his business, operating his establishment, using his Assets and carrying out the transactions in the Ordinary course of Business, unless the Court otherwise decides; and transactions in the Ordinary course of Business are:
 1. Purchase of commodities, goods or services and paying their price;
 2. Conclusion and performance of contracts with customers;
 3. Pay the wages and other financial benefits to the workers except for the annual bonuses and exceptional benefits;
2. Subsequent to notification and giving opportunity to be heard, the Debtor's management of his business and operating of establishment outside the Ordinary course of Business shall require the Court's prior approval, which is also needed for the following without limitation:
 1. The acts that other establishments similar to that of the Debtor do not usually perform;
 2. The acts where the amount of the financial obligations exceeds those which the Debtor usually carried out prior to the commencing the Bankruptcy Proceedings.
3. The Reorganisation Trustee shall supervise the Debtor's management of his business and operating of his establishment and the Debtor must consult the Reorganisation Trustee on all acts that are outside the Ordinary course of Business.
4. Where the Court is required to approve the Debtor's management of his business and operation of establishment outside the Ordinary course of Business, it shall take into account the Debtor's consideration of his commercial activities.
5. The Reorganisation Trustee shall periodically prepare reports and submit them to the Court on the Debtor's management of his business and operation of establishment, these reports must include: a statement of received money, expenses, profits, losses and any other information of data determined

by the Minister after consultation with the Minister concerned with trade affairs. The Court shall be entitled to demand additional information and data concerning the Debtor's management of his business and operation of establishment. The Debtor, where necessary shall assist the Reorganisation Trustee in the preparation of these report and submission to the Court in due time.

Article 99

Operational improvements of the Debtor's business

1. The Reorganisation Trustee in cooperation with the Debtor shall periodically assess the operational and financial performance of the Debtor's business and together with the Debtor prepare a viable program to improve the performance of the Debtor's business during the Reorganisation term.
2. The Debtor shall implement the program for the improvement of business performance referred to in paragraph A of this Article under the Reorganisation Trustee's supervision and this program will not need the Court approval except in the following cases:
 1. Where the program provides for the sale or alienation of the Debtor's Assets according to Article 56, 57 and 58 of this Law;
 2. Where the program deals with present contracts as referred to in Article 59, 60, 63, 64 and 65 of this Law;
 3. Where the program includes any other matter that requires the Court approval as provided in this Law;
 4. Where there is no agreement concerning the program between the Reorganisation Trustee and the Debtor.

Article 100

Restricting the Debtor's business

1. The Reorganisation Trustee or any other party who has an interest in the Reorganisation Proceedings shall be entitled to request the Court to restrict the Debtor's business.
2. Subsequent to notification and giving the opportunity to be heard, the Court shall be entitled to restrict the Debtor's business including, where necessary, the stay of business if it considers that the Debtor's management is not in the best interest of his Assets during the Reorganisation Proceedings.

Article 101

Restricting the Debtor's authority to manage or terminate the business

1. The Reorganisation Trustee shall be entitled to request the Court to restrict the Debtor's authority in the management or termination of his business.
2. Subsequent to notification and giving the opportunity to be heard, the Court shall be entitled to restrict the Debtor's authority in the management or termination of his business as a result of gross error or negligence in management or inability to perform his duties and responsibilities provided for in this Law.
3. Where the Court terminates the Debtor's management authority, the Reorganisation Trustee shall assume management unless the Court otherwise decides.

Section Two

The Creditors Committee

Article 102

Appointment of Creditors Committee

1. Subsequent to the Court's approval to start Reorganisation, it shall order the formation of a Creditors Committee, composed of no more than five unsecured creditors with claims provisionally accepted. Appointment of the Committee members shall be subsequent to notification and giving opportunity to be heard, from willing creditors who hold a total of not less than 25% of all unsecured claims and have no significant conflict of interest with the unsecured creditors.
2. At its own motion or pursuant to the request made by any interested party, the Court shall be entitled to form one or more additional Creditors Committees where necessary to adequately represent creditors with similar interest or facilitate the Reorganisation Proceedings.
3. Pursuant to the request made by any interested party, the Court shall be entitled to change committee membership where necessary to have an equal representation of interests the Committee represents.
4. Committee members shall not be liable regarding the Debtor or any other Person for the participation in the Committee but can be held liable for deliberate mistakes or acts committed in bad faith. Committee membership shall not limit any of the member's right to undertake any procedure regarding his claim in the Bankruptcy Estate.

Article 103

Duties and responsibilities of the Creditors Committee

1. The Creditors Committee shall exert the reasonable effort as the actual circumstances require to protect the interests it represents and may:
 1. Advice and assist the Reorganisation Trustee or the Debtor in the performance of their duties and responsibilities in matters related to the interest of the category of creditors it represents;
 2. Revise the Debtor's financial commercial affairs and the feasibility of maintaining his business;
 3. Consult with the Reorganisation Trustee and the Debtor concerning management of the Reorganisation;
 4. Follow up the Reorganisation Trustee and Debtor's performance;
 5. Participate in the preparation of the Reorganisation plan, including verifying feasibility and implementation, negotiate the items in the plan with the Reorganisation Trustee, the Debtor and other parties who have an interest in the Case;
 6. Provide advice regarding the sale of any substantial part of the Debtor's Assets outside the Ordinary course of Business;
 7. Receive court notifications regarding the matters before court related to the interests of the category of creditors the Committee represents;
 8. Submit any petition or objection to the Court as permitted by law, or express opinion in the matters referred to the Court and related to the interests of the category of creditors the Committee represents;
 9. Carry out other acts to protect the interests of the category of creditors the Committee represents as provided for in this Law;
2. The Committee shall be entitled to adopt special rules regulating the performance of its work and deliberation.
3. The Committee shall provide information related to the management of the Reorganisation to those it represents, and the Minister, subsequent to consulting with the Minister concerned with trade affairs may issue a decree determining the terms, conditions and mechanism of notifying those the Committee represents of the information related to the Reorganisation management.
4. Subsequent to the Court's approval, the Committee shall be entitled to appoint a representative or retain a specialist with reasonable conditions to represent it in Reorganisation and this appointee will be subject to the conflict of interests rules referred to Article 45 B and C in this Law.
5. Subsequent to the Court's approval, the appointee shall be entitled to a reasonable remuneration and paid as an Administrative Claim according to Article 92 of this Law.

6. F- The Committee shall be entitled to request holding meetings with the Reorganisation Trustee or Debtor to follow up the progress of Reorganisation.

Article 104

Inviting the creditors to meet

1. The Court shall be entitled to invite the creditors to meet at its own motion or upon the request of the Reorganisation Trustee, the Creditors Committee or the creditors holding at least 10% of the total value of the unsecured debts.
2. The invitation to meet shall include its purpose, date, place and its agenda.

Article 105

Dismissing a Creditors Committee member

1. At its own motion or upon the request of the majority of Creditors Committee members, the Court shall dismiss a member in the following cases:
 1. Lack of necessary efficiency, inability to perform the duties and obligations or to perform with the necessary diligence;
 2. Lack of impartiality, independence or the existence of a conflict of interests, which justifies dismissal;
 3. Gross Negligence;
2. Prior to dismissal, the Court shall notify the Committee member to give him sufficient opportunity to be heard and allow him to object or accept dismissal, present his defence and evidence.
3. The appointment of a substitute Committee member shall be in accordance with the provisions of Article 102 of this Law.

Section Three

Drawing the Reorganisation Plan

Article 106

The Reorganisation plan proposal

1. Without prejudice to Article 107 of this Law, the Reorganisation Trustee shall present the Reorganisation plan proposal unless the Court otherwise decides. The proposed plan shall be submitted to the Court within three months from the date it approves the commencing the Bankruptcy Proceedings and may extend this time limit pursuant to the request of the Debtor, the Reorganisation Trustee, the Creditors Committee or creditors who hold at least 10% of the total value of unsecured debts. The request shall include its reasons.
2. Where the Reorganisation Trustee deems necessary, he shall consult the Debtor, the secured Creditors Committee and any party who has an interest in the Case on the items of the proposed plan.
3. The Reorganisation Trustee shall exert reasonable effort in preparing the Reorganisation plan proposal, taking the following into consideration:
 1. The plan shall achieve the best results for the Creditors or any party who has an interest in the Case;
 2. The plan can be implemented in a reasonable manner and its terms are drawn according to realistic assumptions;
 3. Dealing with the creditors and parties who have an interest in the Reorganisation Proceedings in a fairly manner within the scope of their rights and claims;
 4. The plan includes the terms and conditions provided for in this Law;
 5. The plan is consensual and the Reorganisation Trustee respects the interest of the creditors

and the parties who have an interest in the Case.

4. The Reorganisation Trustee shall request the approval of Reorganisation plan regardless of any objection of one or more Person, where in good faith he considers that the plan contains the requirements and conditions referred to in this Law.

Article 107

Those permitted to present a Reorganisation plan proposal

1. Pursuant to the request of the Creditors Committee or creditors holding at least one-third of the total value of claims against the Debtor and subsequent to notification and giving the opportunity to be heard, the Court at its own motion shall be entitled to allow them to present a Reorganisation plan subject to the following conditions:
 1. The elapse of at least six months from the date of approval of the commencing the Bankruptcy Proceedings;
 2. The Reorganisation Trustee fails to achieve appropriate progress in the preparation of the Reorganisation plan proposal;
 3. Where the plan will be of potential interest to the Debtor's Assets.
2. Those who are permitted according to paragraph A of this Article to present a Reorganisation plan proposal shall submit it to the Court within three months from the date the Court allows, and it may extend this time limit pursuant to their request including its reasons.
3. The Court shall be entitled to authorize the Reorganisation Trustee to resort to a specialized entity topreparing the Reorganisation plan proposal under his supervision. The request shall include its reasons.

Article 108

Contents of the Reorganisation plan

1. The Reorganisation plan shall include the following in particular:
 1. A brief summary of the Debtor's business activities and the reasons that led to the disturbance of this financial status;
 2. A full list of all creditors and details of the debts of each;
 3. The classification of creditors into categories enjoying equal right to vote on the plan, and this categorisation shall be subject to the provision of Article 110 of this Law;
 4. The treatment each category of creditors will receive, including the distributions and the sum each will receive;
 5. The creditors' entitlement to obtain no less than what would have been received where the Debtor is liquidated, unless a creditor agrees to obtain less;
 6. A statement on the method of implementing the plan and the measures taken to Reorganise the Debtor to overcome the disturbance of his financial status;
 7. The financial expectations of the Debtor's status during implementation;
 8. The Debtor's role in implementing the plan;
 9. The persons and entities that will manage the
 10. Debtor's business and supervise the implementation of the plan, including indication of their relationship with the Debtor and the salaries, bonuses and financial rewards;
 11. A report on the payment of all invoices and administrative fees, unless the claimant or the person who bore the expense accepts a different treatment;
 12. The implementation of plan conditions;
 13. The entire term for plan implementation;
 14. Whether or not a guarantor or more will guarantee the performance of the plan;
2. Where the Reorganisation Trustee or the authorised person as the case may be is unable to satisfy the conditions referred to in paragraph A of this Article, he will indicate the reasons in the

Reorganisation plan.

Article 109

Structuring the Reorganisation plan

1. The Reorganisation plan may include the following:
 1. The right to sell all or any part of the Debtor's Assets or business in cash or for any other consideration and the use of the proceeds of sale to pay the creditors' claims, in investments or any other purpose;
 2. Allowing a person or more to invest in the Debtor's establishment against a debt bond, securities or equity shares and the revenue of investment or part of it to be used to pay the creditor's claim, in investment or any other purposes;
 3. Recapitalisation of the Debtor by the issuance of debt bonds or financial securities to the creditors or other Persons;
 4. Merger or such other manner of participating with a Person or more;
 5. Maintaining, rescission or assignment of contract;
 6. Carry out distribution, payment of expenses or the issuance of instruments and bonds permitted by Law.
2. A Reorganisation plan may include proposals dealing with the treatment of claims or financial rights, including:
 1. The modification of the terms and conditions for the payment of the Debtor's secured or unsecured debt, including the extension of maturity dates, change of interest rate or any other condition;
 2. The issuance of debt bonds or financial instruments to the creditors against their present claims;
 3. The distribution of the proceeds of sale of any of the Debtor's Assets or business to the creditors;
 4. The cancelling of the rights of Equity Holders against a return or not;
 5. The special provisions concerning the exclusion of claims and financial rights the Law allows;
 6. The method of settling the objections related to claims settled prior to the execution of the plan;
 7. The conditions necessary to ensure the effectiveness of the Reorganisation plan.

Article 110

Categorisation of creditors in the Reorganisation plan

The Reorganisation plan shall categorize the creditors of similar rights and in particular the secured and unsecured creditors, the workers who are entitled to be paid, the other creditors entitled to a privilege and the Equity Holders. A special category of creditors or more may be established where it will lead to facilitate the Reorganisation Proceedings and provide for more effectiveness. One such category may be creditors with small claims.

Section Four

Voting Procedures for the Reorganisation Plan

Article 111

Voting on the Reorganisation plan

1. Voting and approving the Reorganisation plan shall be as follows:
 1. Subsequent to notification and giving opportunity to be heard, the Reorganisation Trustee or

other authorised person shall present the Reorganisation plan proposal to the Court within the time limit referred to in Article 106 and 107 of this Law including the disclosure statement referred to in Article 112 of this Law in order to obtain the Court's approval on the statement;

2. The creditors and the parties who have an interest in the Reorganisation plan Case and the disclosure statement shall be notified immediately when the Court provisionally approves it.
2. The Court shall be entitled to authorise voting on the Reorganisation plan prior to notification and giving opportunity to be heard concerning the disclosure statement where there are urgent circumstances necessitating voting and approving the plan immediately without delay.

Article 112

Disclosure statement

1. The Reorganisation Trustee or the other authorised person according to Article 107 of this Law shall submit the Reorganisation plan proposal and the disclosure statement to have the creditors fully informed when assessing and voting on the plan, and the disclosure statement must include the following:
 1. A summary on the Reorganisation plan;
 2. The Information related to Debtor's financial status including assets, liabilities and cash flows;
 3. Any non-financial information likely to affect the Debtor's future performance;
 4. A comparison between what the creditors are expected to receive under the plan and what they will receive in case of Liquidation;
 5. The basis on which the Debtor will continue carrying out his activities and will likely lead to succeeding in reorganizing him;
 6. The information concerning providing sufficient measures to satisfy all his obligations under the Reorganisation plan;
 7. The information concerning the voting mechanism on the Reorganisation plan;
 8. Any recommendations or information the Creditors Committee requests to be included in the disclosure statement;
2. The Debtor shall exert best possible effort in assisting the Reorganisation Trustee in preparing the disclosure statement;
3. In the process of considering approval of the Reorganisation plan application, the Court shall:
 1. Verify that the disclosure statement contains information sufficient to enable the creditors or any party who has an interest in the Case to take an informed decision accepting or refusing the Reorganisation plan;
 2. Notification has been carried out and the opportunity to be heard has been given concerning all information and their validity;
 3. The actual circumstances including the extent of complexity of Reorganisation, the cost of providing additional information and providing protection to the parties who have an interest in the Case.

Article 113

Deliberations on the Proposed Reorganisation Plan

1. Subsequent to the verification of debts, the Court shall fix a meeting date for the creditors to deliberate on the Reorganisation plan proposal and invite all creditors who have had their debts provisionally or finally accepted. The Court shall be entitled to order the publication of invitation in a widely circulated local Arabic newspaper;
2. A creditor shall be entitled to appoint a proxy to attend the meeting.
3. The Debtor shall attend personally and may not appoint a proxy except for the serious reasons the Court accepts;

4. Deliberation on the Reorganisation plan shall not be permitted except after the Reorganisation Trustee reads a summary of the disclosure statement.

Article 114

Approval of the Reorganisation Plan

1. Voting on the Reorganisation plan shall be within thirty days from the date first presented or twenty days from its modification pursuant to the Court's order or approval as the case may be. The right to vote on the plan shall be restricted to those creditors whose rights will be affected by the plan. The Court at its own motion or upon the request of the Creditors Committee or creditors who hold at least 10% of the total value of unsecured debts, the Court shall be entitled to grant an extension or more to obtain approval of the plan provided not exceeding six months from the date of the commencing the Bankruptcy Proceedings.
2. Subject to paragraphs D and E of this Article, the creditors' plan approval requires the approval of all categories of creditors.
3. Each category of creditors shall vote separately and a category will be deemed to have approved where all their debts are paid or their rights will not be affected by the Reorganisation plan.
4. A category shall be deemed to have approved where there is a majority voting by the creditors whose debts have been provisionally or finally approved, provided they hold two-third of the total value of unsecured debts in their category and the debts and number of creditors who have not voted is excluded.
5. Any creditor who voted against the plan shall be entitled to receive at least as much as he will in the event of Liquidation.
6. Notwithstanding the provisions of paragraph D of this Article, the Court shall be entitled to approve the plan even if the creditors refuse in the following cases:
 1. The plan satisfies all requirements in this Law;
 2. The Reorganisation Trustee recommends approval of the plan and his report indicates that any category of creditors who have voted against approval shall receive a net value no less than what will be received upon liquidating the Debtor;
 3. Where the plan guarantees that the category of secured creditors shall be compensated for any prejudice they will sustains as a result of delay in collecting their debts;
 4. Where the plan does not grant any creditor or category which voted to approve it, rights or sums of money exceeding what such creditor or category had at the time of voting on the plan.
7. Any creditor or party having an interest in the Bankruptcy Case who have the right to vote shall be entitled to submit to the Court his objection on the Reorganisation plan approval prior to the hearing to be held for ratification.

Article 115

Ratification of the Reorganisation plan

1. Any creditor who has voted against the Reorganisation plan shall be entitled to attend the ratification hearing and have his objection and its reasons recorded. B. Subsequent to the creditors' voting and hearing the objections of those who voted against the plan as referred to under Article 114 of this Law, the Court shall be entitled to: First: Ratify the Reorganisation plan and order start of implementation in the following cases:
 1. Where the creditors voted for the plan in accordance with paragraph D of Article 114 of this Law or the Court approves ratification in accordance with paragraph E of Article 114;
 2. Where the plan satisfies the requirements provided for in this Law and the absence of any item that contradicts the provision of Law;
 3. The sum of claims and financial rights under the Reorganisation plan is not be less than the

sums obtained in the case of Liquidation;

4. The payment of all the Administrative Claims in full except where a claimant agrees to a different treatment;
5. The category of creditors who have not approved the Reorganisation plan receive full recognition of their priority ranking in accordance with this Law and this ranking is observed upon distributions under the plan; Second: Refuse to ratify the Reorganisation plan and its application where it does not satisfy the conditions referred to in sub-paragraph (First) of this paragraph. Third: Grant the applicant of the Reorganisation plan a maximum delay of ten days to correct any material error whose correction does not affect the rights of any creditor and subsequently refer it to the Court for ratification after notifying the creditors.
2. Upon the Court's ratification, the Reorganisation plan shall be binding on all creditors including those who have not participated in the voting and those who have not approved it.
3. Where the Court ratifies the Reorganisation plan, the Reorganisation Trustee shall supervise its implementation and inform the Court of any related breach and difficulties facing implementation.
4. Within ten days from the date the Court ratifies the Reorganisation plan, the Reorganisation Trustee shall apply for the recording of the order at the Real Estate Registration Authority including all of the Debtor's real estate properties. This recording will lead to the creation of a mortgage over the said property to secure the rights of the creditors who are covered by the plan, unless it otherwise provides. The Reorganisation Trustee shall be entitled to apply for the cancellation of mortgage subsequent to completion of the implementation of the plan as referred to under Articles 138, 139 and 140 of this Law.

Section Five

Implementing the Reorganisation Plan

Article 116

Ratification effects of the Reorganisation plan

1. The Reorganisation plan ratified by the Court shall be binding on all Persons irrespective of their position, their voting against the plan or filing a claim in the Case or subsequently arisen.
2. Upon ratification, all of the Debtor's Assets will be returned to him, to the Reorganisation Trustee or the Person who is to receive them under the plan in order to reorganise the Assets. All Assets shall be freed of any claim and rights to others unless the plan otherwise provides.
3. Unless the plan otherwise provides, its ratification shall release the Debtor's patrimony and release him of any other obligations or liabilities of whatever nature prior to the plan ratification and whether the debt or right holder voted for or against the plan or submitted a claim in the Case.
4. The release of the Debtor's patrimony or any discharge under this Article shall be considered an injunction against any proceeding obliging the Debtor to pay.
5. A patrimony of a Debtor who is a natural person shall not be released or exempted from liability for the debts referred to in Article 4 of this Law.
6. The release of patrimony or exemption of obligation or from liability under this Article shall not affect the liability of any Person responsible for this debt or liability including any guarantor of a Debtor's debt liability, or an obligation under a letter of credit related to the debt or liability or responsibility of any Person securing the Debtor's debt or liability.
7. Appealing the ratification of the Reorganisation plan before the High Court of Appeal shall not suspend the implementation of the plan and its effects unless the Court decides otherwise.

Article 117

Announcement of the implementation of the Reorganisation plan

The Court's decision ratifying the Reorganisation plan shall be published in the Official Journal and one

or more local newspaper the Court selects. The publication summary must include the Debtor's name, domicile, registration number on the Commercial Register, the Court which ratified the Reorganisation plan, the date of ratification and any other information the Court considers necessary to publish.

Immediately upon ratification of the Reorganisation plan, the Reorganisation Trustee shall record it on the Bankruptcy Register and take the necessary measures for recording it on the Commercial Register.

Article 118

Challenging the Reorganisation plan subsequent to implementation

1. Ratification of a Reorganisation plan can be appealed within thirty days from ratification.
2. Any creditor with a debt arising prior to the Reorganisation plan approval shall be entitled to challenge it where after ratification the Debtor is convicted in a fraudulent bankruptcy crime or after ratification the Debtor commits an act of fraud during the Reorganisation plan application procedures including concealing any of his Assets, exaggeration of debt value or assuming untrue debts. In such cases, challenging the plan shall be within six months from the date the fraud appears, otherwise it is not permissible and in any case, a challenge after three years from ratification is not acceptable.
3. The Court that ratified the plan shall be entitled to take or cancel the necessary measures to protect the Debtor's Assets at its own motion or upon the request of public prosecution or any interested Person where the Debtor is investigated for a fraudulent bankruptcy crime subsequent to the ratification of the plan. These measures shall be revoked where the challenge is denied, prosecution determines the non-existence of necessity to bring the criminal Proceedings or the Court acquits the Reorganisation applicant.

Article 119

Distribution procedures under the Reorganisation plan

1. The Reorganisation Trustee shall make distributions to the creditors and the parties who have an interest in the Case under the Reorganisation plan. Distributions will be according to the payment instructions of the claimants or the books and registers the Reorganisation Trustee holds in the absence of the said instructions.
2. In the process of distribution, the Reorganisation Trustee shall form appropriate reserves and mechanisms to guarantee that all creditors and other parties receive the pro rata distribution they are entitled to under the plan.
3. Unless otherwise provided for in the Reorganisation plan, priority ranking under the plan shall be modified to implement the agreements related to subordination referred to in Article 94 of this Law.

Article 120

Implementation of the Reorganisation plan

1. The Debtor, his representative under the plan or the Reorganisation Trustee shall implement the plan and comply with the Court's related orders.
2. The Reorganisation Trustee shall be entitled to request the Court to order the Debtor or his representative under the plan to perform any act necessary for plan implementation.

Article 121

Modification of the Reorganisation plan

1. Subsequent to presenting the plan and prior to voting, the Reorganisation Trustee, the Debtor, the Reorganisation plan applicant shall be entitled to enter any changes; and subsequent to the

approving vote but prior to the Court's ratification, any said Person may enter changes satisfying the ratification conditions determined by this Law.

2. The Debtor or any of the creditors shall be entitled at any time after presenting the plan and prior to voting to enter any changes, provided the Reorganisation applicant accepts.
3. Subsequent to voting against the plan, the Reorganisation plan proposal applicant shall be entitled to request a delay for re-application within thirty days from date of the denying vote. Where it is voted against or the Court refuses to ratify it, it shall be entitled to refuse the Reorganisation application and no other application can be made except after six months from the date the original application was denied.
4. At any time subsequent to the Court's ratification, the Reorganisation Trustee, the Reorganisation plan applicant or the Reorganisation applicant shall be entitled to request the Court to modify the plan providing detailed reasons. The modified plan must satisfy the conditions required for plan approval and ratification provided in this Law.
5. In the cases referred to in paragraph A, B and C of this Article, the Court shall set a time limit that does not exceed thirty days from the date the application is made for submitting the modified plan. The Court shall also set a date for the creditors to consider and vote on it as the case may be, provided no later than ten days from the date the plan is submitted.
6. The request for modification shall be notified to all creditors and any other party whose rights are modified or affected by the proposed modifications and any such Person can vote for or against it.
7. In all cases, the plan the creditors voted for and ratified by the Court shall be maintained unless the creditors vote and the Court ratifies again.

Section Six

Pre-Packaged Reorganisation

Article 122

Debtor's right to Apply for Pre-packaged Reorganisation

Notwithstanding the provisions of Article 106 and 107 of this Law, the Debtor shall be entitled to propose a Reorganisation plan and obtain its approval before the commencing the Bankruptcy Proceedings subject to the provisions of this Section.

Article 123

Presenting the petition for aPre-packaged Reorganisation Case

The Debtor shall be entitled to file a Pre-packaged Reorganisation Case and register it at the Case Registration Department referred to in Article 6-A of this Law in order to have the Pre-packaged Reorganisation plan ratified.

Article 124

The documents of the petition of the Case

1. The Debtor's Pre-packaged Reorganisation petition shall include:
 1. A statement clearly indicating that the Debtor is applying for Pre-packaged Reorganisation;
 2. The documents establishing that the Debtor is or will be unable to pay his debts or that his liabilities exceed the value of his assets;
 3. The Pre-packaged Reorganisation plan contains the disclosure statement referred to in Article 112 of this Law;
 4. A declaration that unaffected creditors shall be paid in the ordinary course and that the plan does not modify or affect their rights or claims without their agreement;
 5. The summary of the Pre-packaged Reorganisation negotiations including the information

- presented to the creditors in order to enable them to assess and vote on the plan;
- 6. A report on the voting of each category of creditors affected by the approval of plan with the majority referred to in Article 114 of this Law;
- 7. A summary indicating that the plan satisfies the conditions of the ratification of the Pre-packaged Reorganisation plan;
- 8. The documents referred to in Article 12 of this Law.
- 2. The Court shall be entitled to request the Debtor to provide a copy of any other substantiating documents or data that supports the petition in order to carry out the procedures for the Pre-packaged Reorganisation plan.
- 3. Where the Debtor is unable to present any of the documents referred to in paragraph A of this Article, he shall indicate his reasons in the statement of the claim of the Case.

Article 125

Approving Pre-packaged Reorganisation

- 1. The Court shall provisionally approve the Pre-packaged Reorganisation plan with reference to the surface of the documents where the conditions referred to in sub-paragraph 1, 2 and 3 of Article 7-A and Article 124 of this Law are satisfied. The Court shall pronounce its provisional approval in accordance with Article 18-C and Article 27 of this Law.
- 2. The creditors shall be entitled to object the Court's provisional approval of the Pre-packaged Reorganisation plan by requesting the non-acceptance of the Case on the grounds that the Debtor has not satisfied any of the conditions for filing the Case.
- 3. The objection shall be made within thirty days from the date of the provisional approval otherwise the approval is final.

Article 126

Non-acceptance of the Pre-packaged Reorganisation Case

- 1. Without prejudice to paragraph B of this Article, the Court at its own motion or pursuant to the objection filed by the creditors or any interested Person shall be entitled not to accept the hearing of the Pre-packaged Reorganisation Case in the following cases:
 - 1. Where for the Pre-packaged Reorganisation Case does not satisfy the conditions referred to in paragraphs 1, 2 and 3 of Article 7-A and Article 124 of this Law and the plan does not satisfy the conditions in Article 127 and 128 of this Law;
 - 2. Where the plan does not include all affected creditors who are entitled to vote on it.
- 2. Where the Court finds that the plan does not satisfy the requirements and conditions referred to in paragraph A of this Article, it shall notify the Debtor of the deficiencies and fix a reasonable time limit for giving him the opportunity to correct or complete the deficiencies, otherwise it may refuse to approve Pre-packaged Reorganisation, continue hearing the Case in its actual status or issue a correction decision.

Article 127

Pre-packaged Reorganisation plan requirements

The Debtor's Pre-packaged Reorganisation plan and voting on it prior to the commencing the Bankruptcy Proceedings shall take into consideration:

- 1. The voting and approval of the plan satisfies the requirements and conditions in this Law and in particular, sufficiency of information for voting;
- 2. The giving of opportunity to hear opinion concerning the disclosure statement.

Article 128

Content of the Pre-packaged reorganization plan

The Pre-packaged Reorganisation plan shall include the following in particular:

1. certification that unaffected creditors shall be paid in the ordinary course and that the plan does not modify or affect their rights or claims without their agreement;
2. A statement signed by the Debtor confirming the correctness of information in the plan;
3. A report indicating the categories of affected creditors, the sums of their claims and append the documents that support the claims;
4. A report by an auditor or expert registered on Bankruptcy Trustee Register of the category of Reorganisation Trustees confirming that the plan can be implemented and the preparation of its items are based on realistic assumptions and satisfy the conditions of the Reorganisation plan;
5. A list of the Creditors Committee members and their addresses;
6. The conditions referred to in paragraphs 1, 7, 8, 11, 12 and 13 of Article 108-A of this Law.

Article 129

Procedures concerning voting on the plan

Unless otherwise provided for in this Section, the voting procedures for the Pre-packaged Reorganisation plan shall be subject to Articles 111, 112, 114 and 115 of this Law.

Unless otherwise decided by the Court, the Debtor shall perform the functions of the Reorganisation Trustee referred to in the said Articles.

Article 130

Ratification of the plan

1. Subsequent to hearing the objections of those who voted against the Pre-packaged Reorganisation plan, the Court shall be entitled to ratify it where the following conditions are satisfied:
 1. The plan satisfies the requirements and conditions necessary for ratification in accordance with Article 127 and 128 of this Law within the scope these conditions will affect the creditors and Equity Holders;
 2. The disclosure statement contains the information sufficient for the creditors to assess and vote on the plan fully informed.
 3. The unaffected creditors shall be paid in the ordinary course and that the plan does not modify or affect their rights or claims without their agreement;
2. Every creditor who voted against the Pre-packaged Reorganisation plan shall have the right to attend the ratification hearing and record his objection and reasons.

Article 131

Effects of Pre-packaged Reorganisation

1. The effects of the Pre-packaged Reorganisation and its plan shall be limited to the Debtor, creditors and Equity Holder whose rights will be modified or affected by the plan, unless the Court otherwise decides.
2. All claims, rights of the creditors who have the right to vote and the Debtor's obligations under the plan shall be subject to ratification and the plan will be considered an agreement to settle all rights and claims and have the same effects referred to in Article 116 of this Law.

Article 132

Appointment of a Reorganisation Trustee

At its own motion or upon the request of the creditors or any interested Person, the Court shall be entitled to appoint a Reorganisation Trustee for supervising the management of the Pre-packaged Reorganisation to verify the genuineness of information in the plan and assist the Debtor in modifying or negotiating it. The Trustee shall enjoy all authorities referred to in this Chapter.

Article 133

The Debtor's continuation of business management

Unless otherwise provided for in the Reorganisation plan, the Debtor shall continue to manage his business, operate his establishment, use his Assets and carry out transactions in the Ordinary course of Business after the approval of Pre-packaged Reorganisation. The Debtor shall have all the authorities referred to in this Chapter.

Article 134

Creditors Committee

The Creditors Committee referred to in the Reorganisation plan shall be deemed appointed under the provisions of this Law.

Article 135 **Administrative Claims**

Only the costs and expenses related to the Reorganisation Proceedings arising from the date the Court provisionally approves Pre-packaged Reorganisation shall be considered Administrative Claims.

Article 136

Non-implementation of the ratified plan

Where the Debtor gravely breaches the terms of the ratified Reorganisation plan or is unable to implement it, the Court shall terminate Pre-packaged Reorganisation and in such case the concerned parties shall be entitled to exercise their rights under this Law including the filing of a Case for opening Bankruptcy Proceedings.

Article 137

Application of provisions under this Chapter

Unless specific provided for under this section, the provisions in the other sections of this chaptershall apply.

Section Seven

Termination of Reorganisation Proceedings

Article 138

Reorganisation converted to Liquidation

1. From time to time, the Reorganisation Trustee shall verify whether it is in the best interest of the Debtor's Assets to convert Reorganisation to Liquidation.
2. Upon the request of the Reorganisation Trustee, the Creditors Committee or a Person who has an interest in the Case, the Court shall be entitled to transfer the application for Reorganisation to Liquidation in accordance with Chapter Four of this Law where it considers it in the best interest of the Debtor's Assets.
3. In determining the best interest of the Debtor's Assets, the Court shall consider whether there is a

reasonable possibility that the Reorganisation plan will be refused or that the Reorganisation Proceedings will lead to a loss of the Debtor's Assets greater than Liquidation.

4. Without prejudice to paragraph B of this Article, the Court shall be entitled to terminate the Reorganisation Proceedings or convert the Reorganisation application to Liquidation where:
 1. The Reorganisation plan proposal has not been submitted within the time limits under the provisions of this Law;
 2. The Reorganisation plan has been refused according to the provisions of this Law;
 3. The Court refuses to ratify the Reorganisation plan;
 4. The Court accepts objections to the approval of the Reorganisation plan;
 5. Where subsequent to presenting the Reorganisation application, it is established that the Debtor acting in bad faith has committed acts prejudicial to the creditors;
 6. The Debtor commits grave breaches to the Reorganisation plan or it is established that he is unable to implement it.
5. Where the Court decides to terminate the Reorganisation Proceedings according to paragraph C of this Article, the creditors shall be entitled to exercise their rights under the Law, including the filing of legal action demanding the Debtor's Liquidation.
6. Provided the Reorganisation Trustee is registered as a Liquidation Trustee and unless the Court otherwise decides, he shall continue to perform the duties and responsibilities necessary for the Debtor's liquidation where the Reorganisation application is converted to Liquidation.

Article 139

Annulment of the Reorganisation proposal

Where the Court annuls the Reorganisation plan proposal, the surety guaranteeing the implementation of the proposal shall be released and any creditor shall not be obliged to return any money received from the Debtor prior to the annulment of proposal.

Article 140

Termination of the Reorganisation Proceedings

1. The Court shall terminate the Reorganisation Proceedings where the Reorganisation Trustee completes his duties and executes the Reorganisation plan. The Court may order the publication of termination in a widely circulated local newspaper.
2. The decision terminating the Reorganisation Proceedings or commencing the Liquidation Proceedings shall be recorded in the Commercial and the Real Estate Registries. The Reorganisation Trustee shall take the measures necessary for such recording.

Article 141

Effects of Conversion to Liquidation Proceedings

The claims presented in the Reorganisation Proceedings shall be deemed self-submitted in the Liquidation Proceedings where the Court decides to convert the Reorganisation application to Liquidation. Any sum a creditor obtained under a former procedure shall be deducted from distributions.

Chapter Four

Liquidation

Section One

Duties and Responsibilities of the Liquidation Trustee and the Debtor

Article 142

Duties and responsibilities of the Liquidation Trustee

1. For the purpose of this Chapter, the Bankruptcy Trustee shall be referred to as the Bankruptcy Liquidator and will assume the duties of liquidation including the sale of the Assets of the Bankruptcy Estate, carry out distributions according to the provisions of this Chapter and in particular must:
 1. Consult with the Debtor, his representatives and other concerned Persons to obtain financial information or other related to the Debtor's business;
 2. Take immediate possession and control over the Bankruptcy Estate, take the necessary measures to protect them and ensure the non-depreciation of their value;
 3. Take the appropriate measures to protect the Assets of the Bankruptcy Estate or instruct the Debtor likewise;
 4. Determine whether it is appropriate to maintain all or part of the Debtor's business and operation of his establishment;
 5. Keep registers, prepare and submit the reports required by this Law and its executive resolutions;
 6. Assume the responsibility of handling the Cases filed by or against the Debtor;
 7. Retain lawyers and experts to allow an effective and quick processing of the Liquidation Proceedings, pay their reasonable remuneration and expenses subsequent to the Court's approval in accordance with this Law;
 8. Perform the duties required in this Law related to the verification of debts and Cases;
 9. Represent the Bankruptcy Estate during the Court hearings and in all other judicial, arbitral and administrative procedures;
 10. Audit the claims and file objections as circumstances require.
2. Pursuant to the request made by concerned Persons, the Liquidation Trustee shall consult with the Creditors Committee regarding his performance of duties and responsibilities provided for in this Law.

Article 143

Duties and Responsibilities of the Debtor

1. Upon approving Liquidation Proceedings, the Debtor shall:
 1. Submit a report on his financial status, information concerning his Property and their nature, present contracts, information on those who work for him, a copy of the financial statements of previous fiscal years and all other data and information referred to in this Law;
 2. Cooperate with the Liquidation Trustee as sufficiently necessary and with good faith to allow him immediate possession and control of the Bankruptcy Estate and to perform his duties and responsibilities referred to in this Law;
 3. Perform his other duties and responsibilities provided for in this Law.
2. The Debtor or any of his representatives shall not be entitled to possess or control any of Bankruptcy Estate Property and must all transfer their possession, deliver or pay them to the Liquidation Trustee.
3. Pursuant to the request of a concerned Person, the Debtor shall consult with the Creditors Committee in the course of performing his duties and responsibilities provided for in this Law.

Section Two

The Creditors Committee

Article 144

Appointment of the Creditors Committee

1. Subsequent to notification and giving opportunity to be heard and where the Court considers it necessary for enhancing the effective management of the Liquidation Proceedings, it shall be entitled to order the appointment of a Creditors Committee. This Committee shall be formed of no more than five members willing to act as such and are unsecured creditors with claims provisionally accepted, provided the total value of their unsecured claims is not less than 25% of the total value of the claims and there is no significant conflict of interest in representing the unsecured creditors.
2. The Court on its own motion or upon the request of any interested party shall be entitled to appoint one or more additional Creditors Committee if necessary to sufficiently represent creditors of similar interests or to facilitate participation in the Liquidation Proceedings.
3. Upon the request of any interested party, the Court shall be entitled to change membership on the Creditors Committee where necessary for having equal representation of interests the Committee represents.
4. The Committee members shall not be liable before the Debtor or any other Person for their Committee membership except for deliberate mistakes or acts made in bad faith. Committee membership shall not limit the right of any member to undertake proceedings in the Bankruptcy Case related to his claim in this Case.

Article 145

Duties and responsibilities of the Creditors Committee

1. The Creditors Committee shall exert the reasonable effort necessitated by actual circumstance to protect the interests it represents and shall be entitled to:
 1. Audit the Debtor's financial and commercial or affairs;
 2. Consult with the Liquidation Trustee concerning the procedures related to the liquidation of the Bankruptcy Estate;
 3. Monitor the Liquidation Trustee's performance;
 4. Submit to the Court any claim or objection the Law permits;
 5. Take the measures that are necessary to protect the interests of the unsecured creditors.
2. The Committee shall be entitled to adopt the special rules regulating the process of work and deliberation.
3. The Committee shall submit the information related to the Liquidation Proceedings to those they represents.
4. Subject to the Court's approval, the Committee shall be entitled to appoint a representative or a specialist with reasonable conditions to represent it in the Liquidation Proceedings. The appointee shall be subject to the special conflict of interest rules referred to in paragraphs B and C or Article 45 of this Law.
5. The Committee members shall bear the remuneration paid to the person appointed according to paragraph D of this Article and these members may also recover payments from the Bankruptcy Estate as Administrative Claims referred to in Article 92 of this Law. The claim shall be approved where the appointed person provides substantial contribution in the Liquidation Proceedings.

Section Three

The Liquidation Proceedings

Article 146

The Bankruptcy Estate Liquidation plan

1. The Liquidation Trustee shall liquidate the Bankruptcy Estate to cash by liquidation and sale. He shall also expeditiously prepare the plan for sale of the Bankruptcy Estate, taking into consideration:
 1. The liquidation of the Bankruptcy Estate expeditiously and in a manner that maximises as much as possible the value of the Assets;

2. Exert the reasonable effort necessitated by actual circumstances in the sale of all or part of the Assets of the Bankruptcy Estate as an operating establishment wherever possible and in a manner that is in the best interest of the Assets of the Bankruptcy Estate.
2. The Liquidation Trustee shall prepare periodic reports concerning the Liquidation Proceedings and present them to the Court, to include a statement of the sums received, expenses and any other information or data determined by decree issued by the Minister after consultation with the Minister concerned with trade affairs. The Court shall be entitled to request additional information and data. The Debtor shall assist the Liquidation Trustee in preparing these reports and ensure they are presented to the Court within the time limits it fixes.

Article 147

Management and running of the Debtor's business for a fixed time

1. Subsequent to notification and giving opportunity to be heard, the Court shall be entitled to approve the Liquidation Trustee's application to manage the Debtor's business and operate his establishment for a fixed period of time where maintaining all or part of the Debtor's affairs and operation of business enhances the value of the Assets to the greatest limit and enhances the liquidation regulating the Bankruptcy Estate.
2. When considering the application referred to in paragraph A of this Article, the Court shall take into consideration all related matters including the existence of reasonable possibility that maintaining the Debtor's business or operation of his establishment will maximise the value of the Bankruptcy Estate to the greatest limits.
3. Upon its own motion, pursuant to the request of the Creditors Committee or the creditors who hold at least 10% of the total value of unsecured debts, the Court shall be entitled to restrict the Liquidation Trustee's management of the Debtor's affairs and operation of his establishment including complete suspension of business where necessary to protect the Bankruptcy Estate.

Article 148

Conversion from Liquidation to Reorganisation

1. Immediately upon the commencing the Liquidation Proceedings, the Liquidation Trustee shall consider whether it is in the best interest of the Bankruptcy Estate to convert it to Reorganisation.
2. Pursuant to the request of the Liquidation Trustee, the Creditors Committee or any Person with an interest in the Case, the Court shall be entitled to convert the liquidation application to Reorganisation subject to Chapter Three of this Law, applicable where the conversion is in the best interest of the Bankruptcy Estate. In the process of determining best interest, the Court shall verify that there is a reasonable possibility that the Reorganisation plan will be accepted or the possibility that Reorganisation will maximise the value of the Assets to the highest value.
3. Unless the Court otherwise decides, the Liquidation Trustee shall continue supervising the Debtor's business where the liquidation application is converted to Reorganisation provided he is listed as a Reorganisation Trustee on the Experts Roll.

Article 149

Determining the claims

The Debtor shall urgently present to the Liquidation Trustee a statement of the claims, evidence of their genuineness, amounts and objections against them as necessitated by circumstances, in order to carry out distributions without unjustifiable delay.

Article 150

Releasing the patrimony of Debtors who are natural persons

1. Where the Debtor is a natural person and unless otherwise provided in this Article, the Court shall be entitled to release his patrimony from his debts and liabilities arising prior to the commencing the Bankruptcy Proceedings where:
 1. The Debtor submits a full statement concerning the disturbance of his financial status and insufficiency of assets to pay his liabilities on their maturity date;
 2. The Debtor cooperates with the Bankruptcy Trustee in a manner sufficient to manage the Assets of the Bankruptcy Estate including transferring their possession or delivering or paying them to the Bankruptcy Trustee;
 3. During the four years preceding the commencing the Bankruptcy Proceedings, the Debtor has not committed acts of fraud or giving rise to liability intending to cheat any actual or future creditor;
 4. The Debtor has fulfilled all his duties referred to in this Law;
2. The Debtor's patrimony shall not be released according to this Article of his following debts:
 1. The debts provided for in Article 4 of this Law;
 2. The debts arising from fraud, cheating, forgery or acts committed in bad faith;
 3. The debts resulting from a deliberate prejudicial or vexatious act the Debtor committed against a person or his property;
 4. The liabilities arising from a crime;
 5. The liabilities arising from a matrimonial or family relationship;
3. Prior to the termination of the Bankruptcy Proceedings, the Debtor or the Liquidation Trustee shall be entitled to demand the Court to release the Debtor's patrimony in accordance with the provisions of this Article.
4. Without prejudice to paragraph B of this Article, subsequent to the Court's release of the Debtor's patrimony, no judicial or enforcement Proceedings or such other procedure may be brought against the Debtor to claim debts and liabilities arising prior to the commencing the Bankruptcy Proceedings.
5. Releasing the Debtor from his debts or liabilities according to this Article shall not extend to any other Person's liability or property to pay these debts or liabilities.

Article 151

Distributions to the creditors and other parties

1. The Liquidation Trustee shall submit an application to Court to approve carrying out distributions and append a report on the liquidation and management of the Bankruptcy Estate. The Liquidation Trustee shall also determine the available Property for distribution and the sums proposed to be distributed to the creditors and other Persons.
2. Subsequent to notification and giving opportunity to be heard, the Court shall approve the distribution application where it will be carried out according to the priority ranking provided for in this Law.
3. Prior to distribution, the Liquidation Trustee shall take into account the claims that have been provisionally approved in accordance with Article 90 of this Law.

Article 152

Distribution procedures

1. The Bankruptcy Trustee shall be entitled to appoint deputies to assist him in carrying out distribution.
2. Unless the Court otherwise decides, distribution shall be in Bahraini currency.
3. The distribution shall be subject to the payment instructions presented by the claimants to the Liquidation Trustee or with reference to the books and registers available with the Liquidation Trustee in the absence of payment instructions.

4. The Liquidation Trustee shall periodically present to the Court a report on the liquidation of the Bankruptcy Estate and carried out distributions.

Article 153

Equal treatment of similar claims

Claims of the same priority ranking shall be treated equally and claims of similar ranking shall be payable prior to subsequent ones.

Article 154

Partial distributions

1. Subject to the Court's approval, the Liquidation Trustee shall be entitled to make partial distributions to creditors and other Persons prior to the termination of liquidation of the Bankruptcy Estate and liquidate Assets to money where distribution is in the best interest of the Estate and enhances the management of liquidation in an effective and quick manner.
2. Subsequent to the Court's approval, the Liquidation Trustee shall be entitled to form appropriate reserves to guarantee that all creditors and other parties receive the pro rata distribution they deserve under this Law.

Article 155 Distribution rankings

1. The Bankruptcy Trustee shall distribute in the following order:
 1. Pay the sums that can be collected according to this Law to the claims of the secured creditors;
 2. Pay the claimants according to the priority ranking provided for in Article 93 of this Law.
2. All claims of the same priority shall be paid on a pro rata basis, and the unsecured Creditors receive the same percentage of their approved claims.
3. The priority of distribution shall be modified to implement the agreements related to subordination referred to in Article 94 of this Law.

Article 156

Unclaimed distributions

1. The Bankruptcy Trustee shall exert the reasonable effort necessitated by actual circumstances to in carrying out distributions to those who have claim and are entitled to receive them.
2. Without prejudice to paragraph C of this Article, a Person's right to receive distribution carried out by the Liquidation Trustee from the Bankruptcy Estate terminates where a distribution remains unclaimed for a year since distribution has been made available for payment or delivery. After the expiry of the said year, unclaimed distributions shall be deposited with the Court's treasury.
3. A Person shall not be entitled to collect the distribution from the Court's treasury after three years unless he establishes that delay has not been due to his default or negligence.

Article 157

Termination of the Liquidation Trustee's Mission

1. The Liquidation Trustee's mission terminates when his duties and responsibilities regarding management, liquidation and distributions of the Bankruptcy Estate are entirely completed in accordance with the provisions of this Chapter.
2. The Court shall release the Liquidation Trustee from his mission pursuant to his request, approval of his report submitted to the Court according to Article 42-B of this Law and the completion of all duties and responsibilities.

CHAPTER FIVE

CROSS BORDER BANKRUPTCY

Section 1: General Provisions

Article 158

Purposes of this Chapter

The purpose of this chapter is to provide effective mechanisms for dealing with cases of cross-border bankruptcy so as to promote the objectives of:

1. Cooperation between the courts and other competent authorities of this State and foreign States involved in cases of cross-border bankruptcy;
2. Greater legal certainty for trade and investment;
3. Fair and efficient administration of cross-border insolvencies that protects the interests of all creditors and other interested persons, including the debtor;
4. Protection and maximization of the value of the debtor's assets; and
5. Facilitation of the rescue of financially troubled businesses, thereby protecting investment and preserving employment.

Article 159

Scope of application

1. This Chapter applies where:
 1. Assistance is sought in the Kingdom by a foreign court or a foreign representative in connection with a foreign proceeding; or
 2. Assistance is sought in a foreign State in connection with a proceeding under this law; or
 3. A foreign proceeding and a proceeding under this law in respect of the same debtor are taking place concurrently; or
 4. Creditors or other interested persons in a foreign State have an interest in requesting the commencement of, or participating in, a proceeding under this law.
2. This Chapter does not apply to insolvent licensees of the Central Bank of Bahrain and those that are subject to the Central Bank and Financial Instructions Law.

Article 160

Definitions

For the purposes of this Chapter:

“Foreign proceeding” means a collective judicial or administrative proceeding in a foreign State, including an interim proceeding, pursuant to a law relating to bankruptcy in which proceeding the assets and affairs of the debtor are subject to control or supervision by a foreign court, for the purpose of reorganization or liquidation;

“Foreign main proceeding” means a foreign proceeding taking place in the State where the debtor has the center of its main interests;

“Foreign non-main proceeding” means a foreign proceeding, other than a foreign main proceeding, taking place in a State where the debtor has an establishment within the meaning of subparagraph (f) of this article;

“Foreign representative” means a person or body, including one appointed on an interim basis, authorized in a foreign proceeding to administer the reorganization or the liquidation of the debtor’s assets or affairs or to act as a representative of the foreign proceeding;

“Foreign court” means a judicial or other authority competent to control or supervise a foreign proceeding;

“Establishment” means any place of operations where the debtor carries out a non-transitory economic activity with human means and goods or services.

Article 161

International obligations of the Kingdom

To the extent that this chapter conflicts with an obligation of the Kingdom arising out of any treaty or other form of agreement to which it is a party with one or more other States, the requirements of the treaty or agreement prevail.

Article 162

Competent court or authority

The functions referred to in this chapter relating to recognition of foreign proceedings and cooperation with foreign courts shall be performed by the court referred to under Article 23(a) of this law.

Article 163

Public policy exception

Nothing in this chapter prevents the court from refusing to take an action governed by this Chapter if the action would be manifestly contrary to the public policy of the Kingdom.

Article 164

Additional assistance under other laws

Nothing in this Chapter limits the power of the court a court to provide additional assistance to a foreign representative under other laws of the Kingdom.

Article 165

Interpretation

In the interpretation of this Chapter, regard is to be had to its international origin and to the need to promote uniformity in its application and the observance of good faith.

Section II

ACCESS OF FOREIGN REPRESENTATIVES AND CREDITORS TO COURTS IN THE KINGDOM

Article 166

Right of direct access

A foreign representative is entitled to apply directly to a court in the Kingdom.

Article 167

Limited jurisdiction

The sole fact that an application pursuant to this Chapter is made to a court in the Kingdom by a foreign representative does not subject the foreign representative or the foreign assets and affairs of the debtor to the jurisdiction of the courts of the Kingdom for any purpose other than the application.

Article 168

Application by a foreign representative
to commence a bankruptcy proceeding

A foreign representative is entitled to apply to commence a proceeding under this law if the conditions for commencing such a proceeding are otherwise met.

Article 169

Participation of a foreign representative in a bankruptcy proceeding

Upon recognition of a foreign proceeding, the foreign representative is entitled to participate in a proceeding regarding the debtor under this law.

Article 170

Access of foreign creditors to a bankruptcy proceeding

1. Subject to paragraph (b) of this article, foreign creditors have the same rights regarding the commencement of, and participation in, a proceeding under this as creditors in the Kingdom.
2. Paragraph (a) of this article does not affect the ranking of claims in a proceeding under this law, except that the claims of foreign creditors shall not be ranked lower than [identify the class of general non-preference claims, while providing that a foreign claim is to be ranked lower than the general non-preference claims if an equivalent local claim (e.g. claim for a penalty or deferred payment claim) has a rank lower than the general non-preference claims].b

Article 171 Notification to foreign creditors of a bankruptcy

1. Whenever under this law notification is to be given to creditors in the Kingdom, such notification shall also be given to the known creditors that do not have addresses in the Kingdom. The court may order that appropriate steps be taken with a view to notifying any creditor whose address is not yet known.
2. Such notification shall be made to the foreign creditors individually, unless the court considers that, under the circumstances, some other form of notification would be more appropriate.
3. When a notification of commencement of a proceeding is to be given to foreign creditors, the notification shall:
 1. Indicate a reasonable time period for filing claims and specify the place for their filing;
 2. Indicate whether secured creditors need to file their secured claims; and
 3. Contain any other information required to be included in such a notification to creditors pursuant to the law of the Kingdom and the orders of the court.

Section III RECOGNITION OF A FOREIGN PROCEEDING AND RELIEF

Article 172

Application for recognition of a foreign proceeding

1. A foreign representative may apply to the court for recognition of the foreign proceeding in which the foreign representative has been appointed.
- 2.
3. A certified copy of the decision commencing the foreign proceeding and appointing the foreign

representative; or

4. A certificate from the foreign court affirming the existence of the foreign proceeding and of the appointment of the foreign representative; or
5. In the absence of evidence referred to in subparagraphs (1) and (2), any other evidence acceptable to the court of the existence of the foreign proceeding and of the appointment of the foreign representative.
6. An application for recognition shall also be accompanied by a statement identifying all foreign proceedings in respect of the debtor that are known to the foreign representative.
7. The court may require a translation of documents supplied in support of the application for recognition into an official language of the Kingdom.

Article 173

Presumptions concerning recognition

1. If the decision or certificate referred to in paragraph b of article 172 indicates that the foreign proceeding is a proceeding within the meaning of article 160 and that the foreign representative is a person or body within the meaning of subparagraph (d) of article 160, the court is entitled to so presume.
2. The court is entitled to presume that documents submitted in support of the application for recognition are authentic, whether or not they have been legalized.
3. In the absence of proof to the contrary, the debtor's registered office, or habitual residence in the case of an individual, is presumed to be the center of the debtor's main interests.

Article 174

Decision to recognize a foreign proceeding

1. Subject to article 163, a foreign proceeding shall be recognized if:
 1. The foreign proceeding is a proceeding within the meaning of article 160;
 2. The foreign representative applying for recognition is a person or body within the meaning of article 160;
 3. The application meets the requirements of paragraph (b) of article 172; and
 4. The application has been submitted to the court.
2. The foreign proceeding shall be recognized:
 1. As a foreign main proceeding if it is taking place in the State where the debtor has the center of its main interests; or
 2. As a foreign non-main proceeding if the debtor has an establishment within the foreign State.
3. An application for recognition of a foreign proceeding shall be decided upon at the earliest possible time.
4. The provisions of articles 172, 173 and 175 do not prevent modification or termination of recognition if it is shown that the grounds for granting it were fully or partially lacking or have ceased to exist.

Article 175

Subsequent information

From the time of filing the application for recognition of the foreign proceeding, the foreign representative shall inform the court promptly of:

1. Any substantial change in the status of the recognized foreign proceeding or the status of the foreign representative's appointment; and
2. Any other foreign proceeding regarding the same debtor that becomes known to the foreign

representative.

Article 176

Relief that may be granted upon application
for recognition of a foreign proceeding

1. From the time of filing an application for recognition until the application is decided upon, the court may, at the request of the foreign representative, where relief is urgently needed to protect the assets of the debtor or the interests of the creditors, grant relief of a provisional nature, including:
 1. Staying execution against the debtor's assets;
 2. Entrusting the administration or realization of all or part of the debtor's assets located in the Kingdom to the foreign representative or another person designated by the court, in order to protect and preserve the value of assets that, by their nature or because of other circumstances, are perishable, susceptible to devaluation or otherwise in jeopardy;
 3. Any relief mentioned in paragraph a (3), (4) and (8) of article 178.
2. The provisions of this law relating to measures and protective orders shall apply to notices.
3. Unless extended under paragraph a (7) of article 178, the relief granted under this article terminates when the application for recognition is decided upon.
4. The court may refuse to grant relief under this article if such relief would interfere with the administration of a foreign main proceeding.

Article 177

Effects of recognition of a foreign main proceeding

1. Upon recognition of a foreign proceeding that is a foreign main proceeding:
 1. Commencement or continuation of individual actions or individual proceedings concerning the debtor's assets, rights, obligations or liabilities is stayed;
 2. Execution against the debtor's assets is stayed; and
 3. The right to transfer, encumber or otherwise dispose of any assets of the debtor is suspended.
2. The scope, and the modification or termination, of the stay and suspension referred to in paragraph (a) of this article are subject to this law on matters relating to exceptions, limitations, modifications or amendments in respect of the stay or suspension.
3. Paragraph a (1) of this article does not affect the right to commence individual actions or proceedings to the extent necessary to preserve a claim against the debtor.
4. Paragraph (a) of this article does not affect the right to request the commencement of a proceeding under this law or the right to file claims in such a proceeding.

Article 178

Relief that may be granted upon recognition of a foreign proceeding

1. Upon recognition of a foreign proceeding, whether main or non-main, where necessary to protect the assets of the debtor or the interests of the creditors, the court may, at the request of the foreign representative, grant any appropriate relief, including:
 1. Staying the commencement or continuation of individual actions or individual proceedings concerning the debtor's assets, rights, obligations or liabilities, to the extent they have not been stayed under paragraph a (1) of article 177;
 2. Staying execution against the debtor's assets to the extent it has not been stayed under paragraph a (2) of article 177;
 3. Suspending the right to transfer, encumber or otherwise dispose of any assets of the debtor to the extent this right has not been suspended under paragraph a (3) of article 177;
 4. Providing for the examination of witnesses, the taking of evidence or the delivery of

- information concerning the debtor's assets, affairs, rights, obligations or liabilities;
5. Entrusting the administration or realization of all or part of the debtor's assets located in the Kingdom to the foreign representative or another person designated by the court;
 6. Extending relief granted under paragraph a of article 176;
 7. Granting any additional relief that may be available under this law.
2. Upon recognition of a foreign proceeding, whether main or non-main, the court may, at the request of the foreign representative, entrust the distribution of all or part of the debtor's assets located in the Kingdom to the foreign representative or another person designated by the court, provided that the court is satisfied that the interests of creditors in the Kingdom are adequately protected
 3. In granting relief under this article to a representative of a foreign non-main proceeding, the court must be satisfied that the relief relates to assets that, under the law of the Kingdom, should be administered in the foreign non-main proceeding or concerns information required in that proceeding.

Article 179

Protection of creditors and other interested persons

1. In granting or denying relief under article 176 or 178, or in modifying or terminating relief under paragraph (c) of this article, the court must be satisfied that the interests of the creditors and other interested persons, including the debtor, are adequately protected.
2. The court may subject relief granted under article 176 or 178 to conditions it considers appropriate.
3. The court may, at the request of the foreign representative or a person affected by relief granted under article 176 or 178, or at its own motion, modify or terminate such relief.

Article 180

Actions to avoid acts detrimental to creditors

1. Upon recognition of a foreign proceeding, the foreign representative has standing to initiate [refer to the types of actions to avoid or otherwise render ineffective acts detrimental to creditors that are available in the Kingdom to a person or body administering a reorganization or liquidation].
2. When the foreign proceeding is a foreign non-main proceeding, the court must be satisfied that the action relates to assets that, under the law of the Kingdom, should be administered in the foreign non-main proceeding.

Article 181

Intervention by a foreign representative in proceedings

Upon recognition of a foreign proceeding, the foreign representative may, provided the requirements of the law of the Kingdom are met, intervene in any proceedings in which the debtor is a party.

Section IV

COOPERATION WITH FOREIGN COURTS AND FOREIGN REPRESENTATIVES

Article 182

Cooperation and direct communication between a court of the Kingdom and foreign courts or foreign representatives

1. In matters referred to in article 159, the court shall cooperate to the maximum extent possible with foreign courts or foreign representatives, either directly or through a bankruptcy administrator whom may be appointed under this law.
2. The court is entitled to communicate directly with, or to request information or assistance directly from, foreign courts or foreign representatives.

Article 183

Cooperation and direct communication between the Bankruptcy administrator and foreign courts or foreign representatives

1. In matters referred to in article 159, a bankruptcy administrator appointed by the court in accordance with this law shall, in the exercise of its functions and subject to the supervision of the court, cooperate to the maximum extent possible with foreign courts or foreign representatives.
2. The person appointed by the court under the provisions of this chapter is entitled, in the exercise of its functions and subject to the supervision of the court, to communicate directly with foreign courts or foreign representatives.

Article 184

Forms of cooperation

Cooperation referred to in articles 182 and 183 may be implemented by any appropriate means, including:

1. Appointment of a person or body to act at the direction of the court;
2. Communication of information by any means considered appropriate by the court;
3. Coordination of the administration and supervision of the debtor's assets and affairs;
4. Approval or implementation by courts of agreements concerning the coordination of proceedings;
5. Coordination of concurrent proceedings regarding the same debtor;
6. Any other methods of cooperation specified in a regulation by the minister following the approval of the supreme judicial council.

Section V

CONCURRENT PROCEEDINGS

Article 185

Commencement of a proceeding under this after recognition of a foreign main proceeding

After recognition of a foreign main proceeding, a proceeding under this may be commenced only if the debtor has assets in the Kingdom; the effects of that proceeding shall be restricted to the assets of the debtor that are located in the Kingdom and, to the extent necessary to implement cooperation and coordination under articles 182, 183 and 184, to other assets of the debtor that, under the law of the Kingdom, should be administered in that proceeding.

Article 186

Coordination of a proceeding under this law and a foreign proceeding

Where a foreign proceeding and a proceeding under this law are taking place concurrently regarding the same debtor, the court shall seek cooperation and coordination under articles 182, 183 and 184 and the following shall apply:

1. When the proceeding in the Kingdom is taking place at the time the application for recognition of the foreign proceeding is filed,
 1. Any relief granted under article 176 and 178 must be consistent with the proceeding in the Kingdom; and
 2. If the foreign proceeding is recognized in the Kingdom as a foreign main proceeding, article 177 does not apply;
2. When the proceeding in the Kingdom commences after recognition, or after the filing of the

application for recognition, of the foreign proceeding:

1. Any relief in effect under article 176 and 178 shall be reviewed by the court and shall be modified or terminated if inconsistent with the proceeding in the Kingdom; and
2. If the foreign proceeding is a foreign main proceeding, the stay and suspension referred to in paragraph 1 of article 177 shall be modified or terminated pursuant to paragraph 2 of article 20 if inconsistent with the proceeding in the Kingdom;
3. In granting, extending or modifying relief granted to a representative of a foreign non-main proceeding, the court must be satisfied that the relief relates to assets that, under the law of the Kingdom, should be administered in the foreign non-main proceeding or concerns information required in that proceeding.

Article 187

Coordination of more than one foreign proceeding

In respect of more than one foreign proceeding regarding the same debtor, the court shall seek cooperation and coordination under articles 182, 183 and 184 and the following shall apply:

1. Any relief granted under article 176 and 178 to a representative of a foreign non-main proceeding after recognition of a foreign main proceeding must be consistent with the foreign main proceeding;
2. If a foreign main proceeding is recognized after recognition, or after the filing of an application for recognition, of a foreign non-main proceeding, any relief in effect under article 176 and 178 shall be reviewed by the court and shall be modified or terminated if inconsistent with the foreign main proceeding;
3. If, after recognition of a foreign non-main proceeding, another foreign non-main proceeding is recognized, the court shall grant, modify or terminate relief for the purpose of facilitating coordination of the proceedings.

Article 188

Presumption of bankruptcy based on recognition of a foreign main proceeding

In the absence of evidence to the contrary, recognition of a foreign main proceeding is, for the purpose of commencing a proceeding under this law, proof that the debtor is insolvent.

Article 189

Rule of payment in concurrent proceedings

Without prejudice to secured claims or rights in rem, a creditor who has received part payment in respect of its claim in a proceeding pursuant to a law relating to bankruptcy in a foreign State may not receive a payment for the same claim in a proceeding under this law regarding the same debtor, so long as the payment to the other creditors of the same class is proportionately less than the payment the creditor has already received.

Chapter Six

The Bankruptcy of Small Debtors

Article 190

Special provisions for the bankruptcy of small debtor

1. Where it appears after inventorying the Debtor's Property that it does not exceed ten thousand Bahraini Dinar, the Court at its own motion or upon the request of the Bankruptcy Trustee or any creditor, shall be entitled to proceed with the Bankruptcy Proceedings subject to the following:

1. All of the Court's judgments and orders may not be challenged unless on the grounds of lack of jurisdiction or the elapse of time limits;
2. No Bankruptcy Trustee shall be appointed, unless the Court otherwise decides;
3. No Creditors Committee shall be formed, unless the court otherwise decides.
4. No financial support from the Bankruptcy Estate shall be determined to the Debtor or his dependents;
5. Where debts are disputed, the creditors shall be called to deliberate on conciliation within the time limits the Court determines provided not exceeding ten days from the date the Court settles the dispute;
6. The Reorganisation plan shall be deemed approved where all creditors who are entitled to vote in number and value accept it, provided the debts and the number of creditors who have not participated in the voting is excluded;
7. As exception to paragraph 7 of this Article, the Court shall be entitled to ratify the Reorganisation plan despite the creditors' disapproval where the plan is in the Bankruptcy Estate's best interest;
8. Only a single distribution to the creditors shall take place in the case of Liquidation and only after the completion of sale of the Assets of the Bankruptcy Estate;
2. The Minister shall be entitled to change the sum referred to in paragraph A of this Article after two years from the date this Law comes into force and provided the Supreme Judicial Council approves.

Article 191

The committee for supportingsmall and medium enterprises

1. Subsequent to consulting with the Minister concerned with trade, the Minister shall be entitled by virtue of a decree to establish a Committee formed of private sector representatives in order to provide financial support to cover the fees and expenses of Bankruptcy Proceedings for small and medium enterprises and Debtors who have no sufficient unsecured assets to bear the costs of the Bankruptcy Proceedings. The decree shall include the regulations and procedures applicable to this committee.
2. The committee's financial resources shall be from allocations by the Ministry, contributions from the Labour Fund, the Bahraini Chamber of Industry and Trade, any other contributions or any resources the Cabinet approves for funding the committee.

Chapter Seven

Criminal Liability

Article 192

Sanctions

A maximum term in jail for five years or a fine between five hundred and one hundred thousand Bahraini Dinar or both sanctions shall be imposed against anyone who:

1. Deliberately conceals of all or part of his Property or exaggerates its value in order to be entitled to a procedure under the Bankruptcy Proceedings;
2. Deliberately allows a creditor who is untrue, or not permitted to participate in the Bankruptcy Proceedings or exaggerates his debts to participate in the deliberations and voting or deliberately allows him to take part;
3. Deliberately omits a creditor from the list of creditors;
4. Deliberately exaggerates his debts;

5. Participates in the Reorganisation deliberations or voting knowing he is legally prohibited from doing so;
6. Knowingly concludes a secret contract granting him special privileges to the prejudice of other creditors;
7. Is not a creditor and knowingly participates in Bankruptcy Proceedings as a creditor;
8. Pays debts to some creditors or provides them with a security right with the intention of causing prejudice to others and as a consequence becomes unable to settle their debts in full;
9. Fraudulently increases the Debtor's liabilities or decreases the value of his estate;
10. Knowingly submits to the Court or the Bankruptcy Trustee false or misleading information;
11. Deliberately conceals from the Court or the Bankruptcy Trustee any data, information, registers or documents that must be presented to them or deliberately prevents them from having access to the said information and documents;
12. Knowingly presents an untrue claim against the Debtor or fraudulently exaggerates the value of his claim;

Article 193

Liability of legal entities

Without prejudice to the criminal liability of natural persons, a juridical person shall be held criminally liable and fined a sum between two thousand and one hundred thousand Bahraini Dinar where a member of its board of directors, other delegate or someone acting in such capacity who in its name, account or benefit commits any of the crimes referred to in Article 192 in this Law as a result of an act, omission, approval, concealment or gross negligence.

Article 194

Publication of a summary of the judgment

The judgment regarding convictions for the crimes referred to in this Chapter shall be published in the Bankruptcy Register and in its judgment, the Court shall be entitled to order the publication of its summary at the expense of the convicted party in one or more daily and widely circulated newspaper in the Kingdom or abroad, in Arabic or in a foreign language.

Chapter Eight

Final Provisions

Article 195

Issuance of Regulations

The Minister shall issue the necessary regulations for the implementation of this Law.